United Nations

United Nations Conference on Trade and Development

Report of the Trade and Development Board

Second part of the forty-first session and forty-second session

General Assembly

Official Records • Fiftieth Session
Supplement No. 15 (A/50/15)

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INTRODUCTION

The second part of the forty-first session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 20 to 31 March 1995. IN the course of the session, the Board held four plenary meetings - the 855th to 858th meetings. The report of the Board on that session forms part one of the present report.

The tenth executive session of the Board was held on 4 May 1995 (859th meeting), the resumed eighth executive session on 29 June 1995 (860th meeting) and the eleventh executive session on 5 September 1995 (861st meeting).

The forty-second session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 11 to 20 September 1995, during which period the Board held seven meetings (the 862nd to 868th meetings). The report of the Board on the session forms part two of the present report. [The session was originally designated as the first part of the forty-second session; it became the entire forty-second session following the decision of the United Nations Conference on Trade and Development at its ninth session, held from 27 April to 11 May 1996, that the regular session of the Board would be convened in one part in autumn each year for approximately ten days.]

The present report to the General Assembly was prepared by the Rapporteur under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report covers action by the Board on substantive items of its agenda; statements of position made in connection with specific action by the Board; and procedural, institutional, organizational, administrative and related matters.

In connection with action by the Board attention is drawn to paragraph 56 of the Cartagena Commitment, which reads as follows:

> "The results of deliberative processes in the Trade and Development Board and its subsidiary bodies need not take the form of resolutions. Greater use should be made of agreed conclusions, assessments or summings-up by presiding officers, particularly when the issues are new or difficult ones, requiring further exploration and the building of common perceptions."

Summaries of the statements made in the course of the sessions on the various agenda items are contained in documents TD/B/41(2)/15 (vol. II), for the second part of the forty-first session, and TD/B/42(1)/19 (vol. II), for the forty-second session.

Part One

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE SECOND PART OF ITS FORTY-FIRST SESSION

Held at Geneva from 20 to 31 March 1995

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS OF ITS AGENDA

A. Preparations for the ninth session of the United Nations Conference on Trade and Development

Provisional agenda for the ninth session of the Conference*

Promoting growth and sustainable development in a globalizing and liberalizing world economy

Meeting the challenge of maximizing the developmental impact of globalization and liberalization while minimizing the risks of marginalization and instability. Towards this end, the Conference will deal with the following topics:

1. Development policies and strategies in an increasingly interdependent world economy in the 1990s and beyond:

   (a) Assessment of the development problematique in the current context;

   (b) Policies and strategies for the future

2. Promoting international trade as an instrument for development in the post-Uruguay Round world

3. Promoting enterprise development and competitiveness in developing countries and countries in transition

4. Future work of UNCTAD in accordance with its mandate; institutional implications.

Agreed annotations to the provisional agenda

Against the background of an assessment of trends in the world economy, in particular those related to the processes of globalization and liberalization, the Conference will consider national and international policy approaches and measures for promoting growth and sustainable development.

Topic 1 (a)

The Conference will make an assessment of the fundamental trends in the international economic system, notably the growing and deepening interdependence among countries and sectors of the economy, in the light of their consequences for the development process. The Conference will examine in particular the opportunities for growth and development offered by the processes of globalization and liberalization in interlinked areas of trade, technology, money and finance, investment, services, commodities and environment, as well as

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* As approved by the Trade and Development Board at its 858th meeting, on 31 March 1995. The Board requested the Officer-in-Charge of UNCTAD to complete the provisional agenda with the customary procedural and administrative items. The Board also took note of the secretariat background note annexed hereto. (In connection with the Board's approval of the provisional agenda and agreed annotations, see also chapter II.)

the risks and potentially negative consequences that might be involved in those processes. The Conference could also examine the new and emerging issues within its competence in the perspective of their implications for trade and development.

Topic 1 (b)

The Conference will consider relevant national and international policies and strategies that are needed to enable developing countries to take full advantage of the opportunities for growth and development offered by the new global context while minimizing the risks of new imbalances and instabilities, including in international financial markets, and the potential marginalization of the least developed countries and other weaker economies. In this context, the Conference will take into consideration the relevant problems of interested economies in transition. The Conference would also consider appropriate international support measures for enabling the least developed countries to participate more effectively in the globalization and liberalization processes while taking into account the outcome of the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s. Similar measures could also be considered for low-income countries and other structurally weaker economies such as those in Africa, with the aim of improving economic conditions through raising income levels and export earnings.

In this connection, the objective should be to build consensus on the elements of development cooperation and appropriate development policy approaches and strategies, both at relevant national and international levels, required for the future. In that context, the Conference should also pay attention, inter alia, to issues related to the problems of unemployment, poverty alleviation and sustainable development; policies to expand and consolidate progress in access to markets; the role of government, as well as the public and private sectors, in the development process; resource flows and external debt. The Conference would also address new approaches to South-South economic cooperation, as well as the role and potential impact on development of regional economic groupings in the globalizing and liberalizing world economy.

Topic 2

The Conference should focus on the consideration of concrete policies, measures and actions, both at relevant national and international levels, needed to promote the integration of developing countries, in particular the least developed countries, into the international trading system. The Conference would consider relevant national and international measures to facilitate the integration of interested economies in transition into the international trading system. In particular, the Conference should cover the following areas: the impact of the Uruguay Round agreements on development; measures to assist the Uruguay Round while making proposals for translating into concrete action the commitments made at the Ministerial Meeting held at Marrakesh, Morocco, in April 1994, regarding the least developed countries and net food-importing countries; promoting complementarity between UNCTAD and the World Trade Organization (WTO) with a view to addressing trade-related development concerns of the developing countries; the evolution of the generalized system of preferences; measures for capacity-building in trade efficiency, including access to information technologies; the implications of information technologies for trade; trade and development; the interrelationship between trade and competition policy; capacity-building in developing countries in services and trading opportunities in this sector; reduction of the instability and risks

faced by the commodity-export-dependent developing countries; promotion of commodity diversification; and efficient management of natural resources.

Topic 3

The Conference will focus on the identification of concrete policies, measures and actions, both at relevant national and international levels, needed to create and promote entrepreneurship and an enabling environment for the development of internationally competitive enterprises, taking into account the promotion of small and medium-size enterprises and their financing. Policy measures will be considered in an integrated manner, covering such areas as encouragement of domestic and foreign investment; development of technological capabilities and transfer of technology; privatization and public-sector reform; and interrelationship between competition and enterprise development.

Topic 4

The Conference will assess the work completed by UNCTAD since its eighth session, as well as the institutional reforms adopted at that session. The Conference will also consider the future role of UNCTAD, including its relationship with other international institutions to generate synergies among them. On the basis of UNCTAD's mandate and with a view to strengthening the United Nations system, the Conference should enable UNCTAD to become a more effective instrument for promoting development and the full integration of the developing countries, in particular the least developed countries, into the world economy and the international trading system. The Conference should take into consideration the need for the integration of the interested economies in transition into the world economy and the international trading system. Taking also into account the outcomes under topics 1, 2 and 3, the Conference would decided on the work programme implications and on the structures and orientations of the intergovernmental machinery of UNCTAD.

The Conference will also consider, in accordance with the relevant decisions of the General Assembly and the Economic and Social Council, UNCTAD's contribution, within its competence, to the follow-up to the outcomes of major United Nations conferences, including the World Summit for Social Development.

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ANNEX

Background to the provisional agenda

Note by the UNCTAD secretariat

1. The world economy appears to be fundamentally characterized by two closely linked, but distinct, processes: economic globalization and liberalization. These processes offer great opportunities for growth and development, but also entail risks of instability and marginalization both among and within nations. The challenge for national and international policy is to move in directions that maximize the developmental impact of globalization and liberalization while minimizing the risks of marginalization and instability. This challenge might serve as the basis for the formulation of the agenda of the ninth session of the United Nations Conference on Trade and Development.

2. The ninth session of the Conference would thus consider relevant national and international policies and strategies for promoting growth and sustainable development against the background of a broad assessment of important trends in the world economy which takes full account of the complex interlinkages among sectors and issues. At the same time, it should be recognized that, while a number of problems are common to all developing countries - and indeed, in some cases, to developed countries as well - some countries appear to be in need of special attention in the new context. Thus, particular consideration will have to be given to the problems of least developed countries, which must face globalization and liberalization from a situation of constraint stemming from infrastructural insufficiencies, debt overhang, commodity dependence and other factors. Similar consideration should be given to low-income countries and other weaker economies such as those in Africa.

3. The Conference should further aim at identifying concrete policies, measures and actions, at national and international levels, that can make a positive contribution to the goal of allowing developing countries, as well as countries in transition, to profit from the opportunities offered by a globalizing and liberalizing world economy while minimizing risks and difficulties. This effort could be envisaged in the context of innovative and dynamic formats, with the involvement of the private sector, business, labour, academia, non-governmental organizations, local government and others. Decision-making powers, however, would remain vested in member States. Consideration of concrete policies, measures and actions could be structured thematically around a small number of basic topics that would stem from, but would not necessarily exhaust, the wide range of issues covered in the discussions on broad trends in the world economy.

4. Special attention should be given to taking advantage of the opportunities offered by South-South cooperation. In a context characterized by rapid growth and economic dynamism in some developing regions and countries, and growing developing-developed country regional links, significant possibilities for complementarity and cooperation present themselves and should be fully explored.

5. The Conference will also provide an opportunity for member States to assess the institutional reforms adopted at the eighth session of the United Nations Conference on Trade and Development and to consider the future role of UNCTAD in order to enhance its effectiveness. The Conference would also decide on the future orientation of the work of UNCTAD's intergovernmental bodies.

6. The goals of further strengthening international economic cooperation for development, based on the concept of partnership for development as defined in the Cartagena Commitment,[1] and of confidence-building among countries for the promotion of growth and sustainable development should guide preparations for the Conference.

7. The Conference will also be guided by the outcomes of the major United Nations conferences in the field of development that will have taken place since UNCTAD VIII. These include the United Nations Conference on Environment and Development, the International Conference on Population and Development, the World Summit for Social Development, the Fourth World Conference on Women and the United Nations International Symposium on Trade Efficiency. The Conference will also take into account in its deliberations the report of the Secretary-General of the United Nations on an agenda for development and the subsequent intergovernmental debate on that subject.

B. Agreed conclusions and decision adopted by the Board

The following agreed conclusions and decision were adopted by the Board on 31 March 1995:

Agreed conclusions 422 (XLI): Structural adjustment policies

1. In pursuance of the Cartagena Commitment,[1] in particular paragraph 63(1) and 66, the Trade and Development Board undertook a review of developments relating to structural adjustment policies in developed countries and their implications. Its discussions were enriched by the documentation prepared by the UNCTAD secretariat and by the stimulating contributions of experts.

2. In the course of the discussions, a broad convergence of views emerged on the following conclusions:

(a) In accordance with the Cartagena Commitment, structural adjustment is a global issue with a crucial part to play in ensuring the enhanced participation in the world economy of developing countries and countries in transition;

(b) Pressures on economic agents to adjust and growing competition are challenges which all countries have to face as the world economy becomes more global and trade liberalization continues. The full implementation of the Uruguay Round agreements will further increase adjustment pressures;

(c) The principal responsibility of Governments in this process is to create stable framework conditions to allow for structural adjustment. Substantial efforts have been made by countries in all regions to introduce deregulation and privatization, open markets to competition and provide a more liberal framework for enterprises to produce, trade and invest. Such measures have substantially improved the micro- and macroeconomic framework for successful adjustment processes;

(d) The process of structural adjustment, which is largely driven by market forces, should not be resisted by Governments but rather be supplemented by appropriate policies and measures. Governments should take a positive approach to structural adjustment and adopt a global perspective favouring a dynamic process in production and trade beyond national boundaries in order to improve transparency and coherence at the multilateral level. Shifts from sectors with declining international competitiveness towards more capital- and skill-intensive activities should be encouraged. Such an approach is not only of benefit to developed countries but has an impact on the world economy as a whole and especially on trade and development opportunities of developing countries, as increasing globalization amplifies the international repercussions of domestic policies. In the structural adjustment process, Governments in developed countries should therefore take due account of the implications of their policies for developing countries and countries in transition. A favourable international policy environment conducive to enhanced interaction between economies is crucial for the success of the economic reforms already being undertaken by developing countries and economies in transition;

(e) Structural adjustment policies should not aim at maintaining inefficient production structures but should allow a positive approach to promote shifts in patterns of production and trade in line with changes in comparative advantage. Such an approach could support functional measures, such

as vocational training and, particularly, retraining in new skills, research, technical development and technological innovation. Measures to restore international competitiveness of enterprises can also contribute to tackling the problem of unemployment. In accordance with principles articulated by the Organisation for Economic Cooperation and Development (OECD), government support should be temporary, transparent, linked to the phasing out of obsolete capacity and free of protectionist measures against imports. In line with such a positive approach, the continuation of uncompetitive production will not be encouraged, as protection, subsidies and other forms of government support in their favour are phased out. A positive approach would create substantial new room for expansion of production and trade in developing countries and countries in transition in sectors where they have gained a comparative advantage;

(f) A policy framework which is favourable to structural adjustment could facilitate the comprehensive and effective implementation of the Uruguay Round agreements, lower resistance to further liberalization and make economies better prepared for future negotiations on improving market access. Sectors of particular concern to developing countries and countries in transition include textiles, clothing, hides and skins, footwear, steel, marine products, agriculture and agro-based industries, as well as certain rapidly expanding services industries. Effective improvement of market access for products and services of developing countries and economies in transition will, in turn, increase their import capacity and benefit exports and structural adjustment in developed countries;

(g) Structural adjustment policies need to be clearly announced, with a statement of the objectives pursued and the instruments to be used. Information on the results obtained is essential to guide future government policy, as well as to permit an evaluation of the effects for other countries. The analysis being carried out by the UNCTAD secretariat on corporate strategies of global firms was welcomed in view of the impact of those strategies on international trade and industrial production structures.

3. There was also an interesting discussion on the role of foreign direct investment in structural adjustment. In the course of the discussion, it was suggested that, in the design of structural adjustment policies, a global perspective should be adopted which favours adjustment beyond national boundaries. Foreign direct investment could play an important role in structural adjustment and could be facilitated by home and host countries improving the framework conditions. While enterprises themselves must take the necessary decisions and risks, an active policy of international industrial and technological cooperation could promote intra-industry trade and greater integration in production processes, in particular international networks of cooperation between small and medium-sized enterprises. Relocation policies could form part of the instruments for adjustment with respect to production processes that were no longer competitive. Such policies could stimulate private investment in developing countries and economies in transition and contribute to a further geographical expansion of global and regional production networks and, at the same time, strengthen the competitiveness of enterprises in the home countries. A dynamic policy of international cooperation could also contribute to reducing the marginalization of weaker economies while maximizing the positive effects of structural adjustment processes.

4. In order to follow up the conclusions in paragraph 2, the Board agrees that:

(a) Consideration of the impact on developing countries of structural adjustment and economic reforms in developed countries has been useful. These questions will have continued relevance as part of UNCTAD's general work on trade policies, structural adjustment and economic reform. It would be for the next Conference to consider the priority to be given to these issues and the best way they could be handled. The UNCTAD secretariat should seek closer cooperation from OECD and other relevant organizations for the conduct of its work;

(b) The Eminent Persons' Meeting on "Development of East and South-East Asia under the new development strategy: role of the government", sponsored by the Government of Japan, provides an opportunity to exchange experiences, including those related to structural adjustment policies, and to assess their contribution to a more efficient international division of labour;

(c) The Ad Hoc Working Group on Trading Opportunities in the New International Trading Context is invited to accord due attention to the potential contribution of structural adjustment and relevant government policies to the process of liberalization and the creation of new market opportunities for developing countries and economies in transition;

(d) The Ad Hoc Working Group on the Role of Enterprises in Development is invited to consider the extent to which it could take up, within the constraints of its current work programme, the issue of the role which relocation, intra-industry trade and industrial networking of SMEs can play in global structural adjustment processes. The potential role of foreign direct investment in structural adjustment could be further examined in the context of UNCTAD's work on international investment and transnational corporations.

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Agreed conclusions 423 (XLI): Least developed countries

1. In accordance with General Assembly resolution 45/206 of 21 December 1990, the Trade and Development Board conducted its fifth annual review of progress in the implementation of the Programme of Action for the least developed countries for the 1990s. The Board recognized that, in view of the forthcoming High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action, scheduled, in accordance with General Assembly resolution 49/98 of 19 December 1994, to be held in New York from 26 September to 6 October 1995, the present session of the Board was of particular significance as it could provide important directions and guidance for the work of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries (Donor/Recipient Meeting), scheduled to be held in Geneva from 29 May to 2 June 1995, and to the High-level Intergovernmental Meeting itself.

2. The Board took note of the briefings provided by the UNCTAD secretariat on the preparatory activities which had already taken place and on the series of forthcoming meetings planned prior to the High-level Intergovernmental Meeting. The Board recommended that participation in the Meeting be at the highest level wherever possible. In accordance with the provision of paragraph 5 of General Assembly resolution 49/98, it requested the UNCTAD secretariat to intensify its efforts to mobilize the necessary resources to ensure the full and effective

participation of representatives of least developed countries in the preparatory meetings and the High-level Intergovernmental Meeting.

3. The Board, which had The Least Developed Countries 1995 Report[2] as the background document, commended the secretariat for the quality of the analysis it contained and recognized that the Report provided a useful basis for the Board's deliberations. The Board urged the secretariat to ensure that the Report was made available to delegations in a timely way and in all official languages of the United Nations. It requested the secretariat to prepare an update of the Report in time for the High-level Intergovernmental Meeting.

4. The Board exchanged views on issues before it. Many delegations drew attention to the progressive deterioration of economic and social conditions in least developed countries despite their vigorous efforts to implement economic reforms, as envisaged in the Programme of Action. This was attributed to both domestic and external factors. The inadequacy of external finance, impediments to market access and persistence of debt-servicing difficulties were cited by many participants as major contributing factors to the deterioration in their economic performance. Attention was drawn to the possible lessons which could be derived from the experiences of least developed countries which have performed relatively well, and the Board urged the secretariat to identify gaps in the implementation of reforms as well as additional measures, keeping in mind the need for improved supply capacity and the human dimension, and to analyse more fully the question of whether such experiences can be replicated by other least developed countries. Attention was also drawn to the important contribution which the non-governmental organizations' community continues to make to the development process.

5. The Board noted that the landlocked and island least developed countries continue to face formidable problems in their development efforts. In that connection, it was noted that the Symposium for Landlocked and Transit Developing Countries and the second Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, scheduled to be held in New York in June 1995, would address specific regional problems in implementing the recommendations of the first Meeting of Governmental Experts, held in May 1993. The outcome of those meetings would be an important input to the Mid-term Global Review.

6. The Board felt that the proceedings of the High-level Intergovernmental Meeting could be significantly enhanced if a comprehensive assessment of the progress in the implementation by Governments of the Programme of Action was made available to the Meeting. Such an assessment could then provide the basis for the consideration of new measures to accelerate the implementation of the Programme of Action. With this in mind, the Board agreed that the assessment should take into account, inter alia, the following:

(a) Developments in the world economy since 1990 as they affect the growth and development performance of least developed countries and lessons learned from adjustment and macroeconomic and sectoral policy reforms;

(b) Provision of official development assistance and debt relief measures during the early 1990s and the implications of the enlargement of the list of least developed countries, in particular for international support measures;

(c) The challenges posed by the ongoing processes of globalization and liberalization for the social and economic conditions in the least developed countries;

(d) Implications of the occurrence of political and civil strife in a number of least developed countries, in particular for their capacity to administer and manage their development;

(e) The substantive outcomes, as they relate to least developed countries, of the major United Nations conferences, notably the United Nations Conference on Environment and Development (1992), the International Conference on Population and Development (1994), the World Summit for Social Development (1995) and the Fourth World Conference on Women (1995);

(f) The coming into force of the World Trade Organization and the implications of the Final Act of the Uruguay Round for trading opportunities of least developed countries.

7. The Board requested the Chairman of the Special Sessional Committee to undertake intensive consultations with States members of UNCTAD with a view to arriving at an assessment of progress made in the implementation of the Programme of Action, together with possible recommendations for consideration at the Donor/Recipient Meeting.

8. The Board recommended that the Conference, at its ninth session, take fully into account the outcome of the Mid-Term Global Review of the Implementation of the Programme of Action.

9. The Board recommended for adoption by the High-level Intergovernmental Meeting the draft provisional agenda and the proposals for organization of work annexed to these agreed conclusions.

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ANNEX

Draft provisional agenda and organization of work for the High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s

Note by the UNCTAD secretariat

The General Assembly, in its resolution 49/98 of 19 December 1994, decided to convene the High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s in New York, from 26 September to 6 October 1995, to be preceded by a one-day meeting of senior officials on 25 September 1995. The Meeting will carry out the mid-term global review, consider new measures, as necessary, and report to the General Assembly on progress made in the implementation of the Programme of Action. Accordingly, the Board may wish to consider and recommend to the High-level Intergovernmental Meeting the following provisional agenda and organization of work:

I. DRAFT PROVISIONAL AGENDA

1. Election of officers

2. Adoption of the agenda and organization of work

3. Mid-term global review of progress towards the implementation of the Programme of Action for the Least Developed Countries for the 1990s:

   (a) Review of progress in implementation at the country level;

   (b) Review of progress in international support measures;

   (c) Consideration of new measures for ensuring the full and effective implementation of the Programme over the second half of the decade

4. Other business

5. Adoption of the report.

II. ORGANIZATIONAL MATTERS

(a) Rules of procedure

The High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s, as a subsidiary body of the General Assembly, may wish to use the rules of procedure of the General Assembly, as appropriate.

(b) Organization of work

The High-level Intergovernmental Meeting will have nine working days. The meeting may wish to establish two committees, in addition to the plenary.

General discussion will take place in the plenary. Committee I may be assigned to consider and report on agenda items 3 (a) and 3 (b) and Committee II to consider and report on agenda item 3 (c).

The UNCTAD secretariat will prepare a tentative list of issues to be dealt with by the High-level Intergovernmental Meeting. The proposal will be submitted to the one-day meeting of senior officials mentioned in paragraph 4 (a) of General Assembly resolution 49/98.

Agreed conclusions 424 (XLI): United Nations New Agenda for the Development of Africa in the 1990s

1. The Trade and Development Board held an exchange of views on the specific issues relating to sustainable development, population, human resources and environment in Africa, as well as UNCTAD's contribution to the United Nations New Agenda for the Development of Africa in the 1990s. The Board's deliberations identified factors that need to be addressed in order to enhance the possibility of the realization of sustainable development in Africa, including effective measures to address the population issue, poverty alleviation and reduction, and an enabling domestic and external environment.

The Board noted that many of those issues had been addressed recently in major international forums. It was desirable, to the extent possible, for the Board to have an assessment of the impact of UNCTAD's activities and programmes on Africa.

2. The Board agreed that:

(a) The economic situation in most of Africa continues to deteriorate and, according to most of the available statistics, official resource flows for development purposes to Africa (including net official development assistance) have fallen significantly since 1990;

(b) Environmental problems in Africa are largely related to poverty, and environmental protection therefore requires, first and foremost, poverty alleviation and reduction. This calls for effective measures, including the transfer of environmentally sound technologies to Africa on favourable terms and the provision of new and additional resources, in full accordance with the conclusions of the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992;

(c) The high rate of population growth in Africa is having a serious negative impact on economic growth and sustainable development. The international community should rightly support the national policies aimed at implementing the Cairo Programme of Action to promote the issues of population, sustained economic growth and sustainable development, and advances in the education and economic status of women.

3. The Board invites African countries:

(a) For population, sustained economic growth and sustainable development:

(i) To integrate population policies and programmes in development strategies, based on the participation of all groups in society and focusing on strengthening social sectors with a view to influencing human development, and to work towards the solution of population problems by setting quantified national objectives for the reduction of population growth with a view to bringing down the regional natural growth rate from 3 to 2.5 per cent by the year 2000 and to 2 per cent by the year 2010, as called for in the Dakar/Ngor Declaration on Population, Family and Sustainable Development;

(ii) To implement measures to tackle the underlying causes of environmental degradation such as poverty, focusing on environmentally sound and appropriate technologies; to enhance the quality of the environmentally sound and appropriate technologies; to enhance the quality of the environment by reversing deforestation and soil erosion, checking the spread of deserts and adopting priority programmes aimed at management of water resources, with a view to reducing the impact of recurrent droughts and the resultant food shortages;

(iii) To place greater emphasis on such matters as food security, marketing services, appropriate agricultural mechanization, research and extension services, more efficient use of land and farming systems, livestock development and assistance programmes to small farmers;

(iv) To strengthen industrial strategies at the country level so as to encourage economic growth and employment opportunities;

(v) To create domestic stability and ensure that priority is given in policy-making to the elimination of the underlying causes of the refugee situation through negotiation, conflict resolution, democratization and respect for human rights;

(vi) To continue to improve the business environment both for domestic and foreign direct investment, including institutional reforms to allow mobilization of domestic savings, efficient provision of credit and other inputs to small farmers and to small-scale enterprises and microenterprises;

(b) For women in development:

(i) To intensify efforts to improve the role, status and participation of women and to take necessary steps to eliminate discrimination against women, which inhibits their effective advancement and participation in development;

(ii) To institute and strengthen programmes for reforming the educational system and vocational training with a view to providing basic education to all those at school age, with particular emphasis on the education of girls;

(iii) To take measures to ensure greater participation of women in the development process.

4. The Board calls upon the international community:

(a) To continue to support the commodity diversification efforts of Africa and the least developed countries, inter alia, by providing technical and financial assistance for the preparatory phase of their commodity diversification projects and programmes, taking into account General Assembly resolution 49/142;

(b) To implement fully the Final Act of the Uruguay Round of Multilateral Trade Negotiations[3] as scheduled, including the complementary provisions specified in the Marrakesh Agreement, in recognition of the fact that broadly based growth in incomes, employment and trade are mutually reinforcing, taking into account the need to assist African countries and the least developed countries in evaluating the impact of the implementation of the Final Act so that they can benefit fully;

(c) To strive for the fulfilment of the agreed target of 0.7 per cent of gross national product for overall official development assistance as soon as possible, and to support Africa in its efforts to attract foreign direct investment;

(d) To ensure the urgent implementation of existing debt-relief agreements and negotiate further initiatives, in addition to existing ones, to alleviate the debts of the poorest and most heavily indebted low-income countries at an early date, especially through more favourable terms of debt forgiveness, including application of the terms of debt forgiveness agreed upon in the Paris Club in December 1994, which encompass debt reduction, including cancellation or other debt-relief measures; where appropriate, those countries should be given a

reduction of their bilateral official debt sufficient to enable them to exit from the rescheduling process and resume growth and development; to invite the international financial institutions to examine innovative approaches to assist low-income countries with a high proportion of multilateral debt, with a view to alleviating their debt burden;

(e) To consider making available extrabudgetary resources for UNCTAD's technical cooperation programmes.

5. The Board requires the UNCTAD secretariat, within UNCTAD's mandate and in line with conclusions and recommendations of United Nations conferences and, where appropriate, in cooperation with relevant agencies of the United Nations system:

(a) To propose:

(i) Ways and means to address the linkages between poverty alleviation and sustainable development, including the issue of reviving growth and changing its quality;

(ii) Ways and means to remedy the problems of poverty and satisfaction of human needs;

(iii) Recommendations to facilitate access to, and acquisition of, appropriate existing and new technologies, emphasizing the utility of scientific and technological knowledge to meet basic needs and requirements for sustainable development;

(b) To provide analysis for:

(i) The implications for African countries of basic principles designed to foster economic behaviour more in line with the imperatives of sustainable development;

(ii) Establishment of a competitive, environmentally friendly export sector;

(iii) Identification of factors and actions necessary for African countries to attract private resource flows, which is a prerequisite for sustainable development.

Future work of the Board

6. The Board requests the UNCTAD secretariat:

(a) To report to the Board, in progress reports, on the follow-up to these activities;

(b) To submit to the Board at the second part of its forty-second session an analytical report on the interrelationship between economic progress, market orientation, good management, and increased popular participation.

858th plenary meeting
31 March 1995

Decision 425 (XLI): Terms of reference of the Commission on International Investment and Transnational Corporations

The Trade and Development Board,

Acting in accordance with the provisions of General Assembly resolution 1995 (XIX), as amended, and General Assembly resolution 49/130, of 19 December 1994,

1. Decides to adopt the terms of reference of the Commission on International Investment and Transnational Corporations annexed to this decision;

2. Decides also that the rules of procedure of the main committees of the Board shall apply to the Commission.

858th plenary meeting
31 March 1995

ANNEX

Terms of reference of the Commission on International Investment and Transnational Corporations

Pursuant to General Assembly resolution 1995 (XIX), as amended, and General Assembly resolution 49/130, of 19 December 1994, the Trade and Development Board adopts the following terms of reference for the Commission on International Investment and Transnational Corporations.

1. The Commission's work includes:

(a) Promoting the exchange of views and experience among interested Governments, businesses, intergovernmental and non-governmental organizations, trade unions and experts on issues relating to international investment, transnational corporations and the creation of an enabling environment for private sector and enterprise development;

(b) Reviewing and providing guidance to the secretariat with regard to its research activities and the provision of information on policies, programmes and developments related to international investment and transnational corporations and the creation of an enabling environment for private sector and enterprise development;

(c) Reviewing and providing guidance to the secretariat on technical assistance to Governments interested in developing investment regimes and enabling environments so as to attract more foreign investment and support for enterprise developments, thereby contributing to economic growth and development of host countries.

2. The Commission will consider, at the request of the General Assembly, the Conference or the Trade and Development Board, any other subject in the field of international investment and transnational corporations.

3. The Commission will keep under review the work of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.

4. The Commission should identify for consideration areas in which technical cooperation should be strengthened.

5. The work of the Commission should be coordinated with that of committees and working groups.

6. The work of the Commission should complement that of other international bodies while seeking to ensure that no duplication occurs.

7. The Commission may recommend for the consideration of the Board the establishment of expert groups.

8. The Commission shall submit periodic reports to the Trade and Development Board on its work.

9. The Commission shall meet annually in accordance with the existing procedures concerning the calendar of meetings. The duration of the sessions should be of five days or less.

C. Other action

1. Sustainable development: policy review of UNCTAD's activities on sustainable development

At its 858th plenary meeting, on 31 March 1995, the Trade and Development Board took note of the report by the UNCTAD secretariat entitled "Sustainable development: policy review of UNCTAD's activities on sustainable development" (TD/B/41(2)/10).

2. Other matters in the field of trade and development: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT

At its 856th plenary meeting, on 21 March 1995, the Trade and Development Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-seventh session (ITC/AG(XXVII)/145 and Add.1), which was before the Board under cover of a note by the UNCTAD secretariat (TD/B/41(2)/12).

3. Preparations for the ninth session of the United Nations Conference on Trade and Development

At its 858th plenary meeting, on 31 March 1995, the Trade and Development Board took note of the Final Communiqué of the Eighteenth Meeting of the Chairmen/Coordinators of the Group of 77 Chapters, held in Geneva on 14 and 15 March 1995 (TD/B/41(2)/13), which had been circulated by decision of the Board in response to a request from the Chairman of the Group of 77 in Geneva, and decided that it should be annexed to the present report (see annex I).

At the same meeting, the Board authorized the Officer-in-Charge of UNCTAD to proceed with substantive preparations for the ninth session of the United Nations Conference on Trade and Development and to mobilize support for the Conference and its preparatory activities, pending the formal convening of the Conference by the General Assembly, and requested him in the meantime to pursue

his consultations on the timing and venue of the Conference and related matters with a view to reporting on the results to an executive session of the Board, to be convened for that purpose, as soon as those questions were settled.

II. STATEMENTS OF POSITION

Statements made in connection with the action taken on the preparations for the ninth session of the United Nations Conference on Trade and Development

A. Statement by the representative of Pakistan

The representative of Pakistan said that he wished to reiterate some of his delegation's understandings concerning the approval by the Trade and Development Board of the provisional agenda and agreed annotations for the ninth session of the Conference. His delegation had expressed its concern that the concept of discussing national as well as international issues should not in any way be construed as an attempt to review national policies and to absolve the developed countries from their international obligations towards the developing countries. He hoped, moreover, that UNCTAD would not be transformed into a forum for the initiation and propagation of new ideas by the developed countries under the heading of "new and emerging issues". There should be a clear understanding that any such "new and emerging issues" could be discussed only after reaching a consensus on their relevance for consideration in UNCTAD. As for institutional matters and the future work of UNCTAD, he said that delegations should resist any temptation to diminish the role of UNCTAD or to regard the action taken at Cartagena as the first step in a process of weakening the organization. On the contrary, his delegation wished to see all member States engaged in the task of strengthening UNCTAD.

B. Clarification made by the Senior Legal Officer of UNCTAD

In response to a question put by the representative of Bangladesh regarding the legal status of the agreed annotations to the provisional agenda for UNCTAD IX, the Senior Legal Officer said that, while it was the practice of the secretariat not to interpret the results of the negotiations between government representatives, the provisional agenda, which the Board has prepared pursuant to paragraph 21 of General Assembly resolution 1995 (XIX), as amended, was for adoption by the Conference and the agreed annotations were the understanding of government representatives concerning the substantive items of the provisional agenda.

III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The second part of the forty-first session of the Trade and Development Board was opened on 20 March 1995 by Mr. Richard A. Pierce (Jamaica), the President of the Board at its forty-first session.

B. Bureau of the session

2. There being no change in the officers elected to serve on the Bureau of the Board throughout the forty-first session, the Bureau of the second part of the forty-first session was as follows:

President: Mr. Richard A. Pierce (Jamaica)

Vice-Presidents: Mr. Youri Afanassiev (Russian Federation)
Mr. Phabien Raphaël Edafe (Madagascar)
Mr. Rüdiger Lemp (Germany)
Mr. Shohei Naito (Japan)
Mr. Jose Luis Perez Gabilondo (Argentina)
Mr. Stephen A. Schlaikjer (United States of America)
Mr. Adian Silalahi (Indonesia)
Mr. Björn Skogmo (Norway)
Mr. Jamaluddin Syed (Bangladesh)
Mr. Zdenek Venera (Czech Republic)

Rapporteur: Mr. Calson Mbegabolawe (Zimbabwe)

C. Adoption of the agenda and organization of the work of the session

3. At its 855th (opening) meeting, on 20 March 1995, the Board adopted the provisional agenda for the second part of its forty-first session, as contained in section I of document TD/B/41(2)/1 (see annex II).

4. The Board approved the proposals for the organization of the work of the session in document TD/B/41(2)/1/Add.2 and thereby agreed to the following: two sessional committees would be established: Sessional Committee I, to consider and report on item 2 of the agenda (trade policies, structural adjustment and economic reform) and item 3 (sustainable development); and Sessional Committee II, to consider and report on item 5 (UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s). In accordance with past practice, Sessional Committee II would convert itself into a Special Sessional Committee to consider and report on item 4 (Implementation of the Programme of Action for the Least Developed Countries for the 1990s). All other items would be considered in plenary.

5. In line with past practice, the Presiding Officers elected at the first part of the session continued to serve in the same capacities, with the Officers of Sessional Committee II also servicing the Special Sessional Committee. Thus, Mrs. Anne Stoddart (United Kingdom) chaired Sessional Committee I and Mr. Carlos Amorín (Uruguay) served as Vice-Chairman-cum-Rapporteur, while

Mr. Yahya Geghman (Yemen) chaired Sessional Committee II and the Special Sessional Committee, and Mr. Vladimir Skliarov (Russian Federation) served both bodies as Vice-Chairman-cum-Rapporteur.

6. At its 858th meeting, on 31 March 1995, the Board took note of the reports of the Sessional Committees and decided to incorporate them in the final report of the Board on the second part of its forty-first session, as follows: Sessional Committee I: TD/B/41(2)/SC.1/L.1 and Add.1-2; Sessional Committee II: TD/B/41(2)/SC.2/L.1; and Special Sessional Committee: TD/B/41(2)/SSC/L.1 and Add.1-2.

D. Adoption of the report on credentials

7. At its 858th meeting, on 31 March 1995, the Board adopted the report submitted by the Bureau on the credentials of the representatives attending the second part of the forty-first session (TD/B/41(2)/14).

E. Provisional agenda for the first part of the forty-second session of the Board

8. At its 858th meeting, the Board approved the draft provisional agenda for the first part of its forty-second session (TD/B/41(2)/L.3), with one minor amendment. (For the provisional agenda, see annex III.) In accordance with past practice, the Board authorized the Officer-in-Charge of UNCTAD, in consultation with the President, to adjust and complete the provisional agenda in the light of developments. This arrangement was on the understanding that any amendments or additions would be subject to consultations with representatives of States members of the Bureau and interested delegations within the framework of the consultative machinery established in accordance with paragraph 83 of the Cartagena Commitment.[1]

F. Provisional agenda for the pre-sessional executive session of the Board in September 1995

9. At its 858th meeting, the Board requested the Officer-in-Charge of UNCTAD to draw up a draft provisional agenda for its pre-sessional executive session, in September 1995, in the light of developments, nearer to the time of the session, and to submit it for approval to the consultative machinery established in accordance with paragraph 83 of the Cartagena Commitment.

G. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

10. At its 856th meeting, on 21 March 1995, the Board approved the applications of the Asia-Pacific Telecommunity (APT) and the Arab Labour Organization (ALO) for designation under rule 76 of the rules of procedure of the Board. Information on those organizations was contained in documents TD/B/41(2)/R.1 and R.3, respectively.

11. At the same meeting, the Board noted that, in a communication dated 10 November 1994, the International Bauxite Association (IBA), which had been granted status at the fourth session of the Conference, had informed the UNCTAD secretariat that, as of 31 December 1994, it would be dissolved. Accordingly,

the IBA had been deleted from the list of intergovernmental organizations in status with UNCTAD.

12. The Board further noted that, in a communication dated 15 November 1994, the Secretary-General of the Customs Cooperation Council, which had been granted status at the third session of the Conference, had informed the UNCTAD secretariat that, as of 3 October 1994, the working name of the organization was the World Customs Organization but that Customs Cooperation Council remained the official name of the organization.

H. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

13. At its 856th meeting, the Board approved the application of the International Social Science Council for designation under rule 77 of the rules of procedure of the Board and decided, in accordance with the recommendation of the Officer-in-Charge of UNCTAD (TD/B/41(2)/R.2) and of the Bureau, to classify the organization in the special category in accordance with paragraph 12 (b) of Board decision 43 (VII) so that it might participate in the work of the Standing Committee on Poverty Alleviation.

14. At the same meeting, the Board agreed to the recommendations of the Officer-in-Charge of UNCTAD and of the Bureau regarding the revised classification of non-governmental organizations in the special category, as contained in the annex to document TD/B/41(2)/CRP.2. Pursuant to the decisions by the Trade and Development Board at its mid-term review and evaluation of the work programmes of UNCTAD, whereby the five ad hoc working groups, having completed their work, had been disbanded and three new ad hoc working groups established, the UNCTAD secretariat had reviewed the classification of non-governmental organizations in the special category in order to bring them into line with the new intergovernmental machinery of UNCTAD.

15. Finally, the Board noted that, in a communication dated 9 February 1995, the Officer-in-Charge of UNCTAD had been informed that, at the end of January 1995, the International Organization of Consumers Unions, which had been granted status by the Board at its nineteenth session, would henceforth be known as Consumers International. The legally constituted name of the organization would remain International Organization of Consumers Unions.

I. Review of the calendar of meetings

16. At its 858th meeting, on 31 March 1995, the Board approved the draft calendar of meetings for the remainder of 1995 (TD/B/41(2)/L.1) and authorized the Calendar Group to propose any adjustments which might become necessary in the light of developments, on the understanding that its recommendations would be submitted to the Consultations of the Officer-in-Charge of UNCTAD for approval.

J. Administrative and financial implications of the actions of the Board

17. At its 858th meeting, the Board noted that no particular administrative or financial implications had arisen from the action taken at the second part of its forty-first session.

K. Other business

Terms of reference of the Commission on International Investment and Transnational Corporations

18. At the 858th meeting, the President drew attention to the draft decision contained in TD/B/EX(9)/L.1 and recalled that, at its ninth (pre-sessional) executive session on 17 March 1995, the Board had decided to take up this matter at the second part of its forty-first session under "Other business", and had requested the UNCTAD secretariat, in the meantime, to conduct informal consultations with interested delegations on a proposed revision to the draft terms of reference.

19. The Board noted that, following consultations and pursuant to agreement reached in the Bureau on 30 March 1995, the text in TD/B/EX(9)/L.1 now remained unchanged, since the delegation concerned had withdrawn its proposed amendments on the understanding that it could retain its right to bring up its concerns when the special session of the Board prior to the ninth session of the United Nations Conference on Trade and Development reviewed the intergovernmental machinery of UNCTAD. In this connection, the President confirmed that, at the time of the special session in question, any delegation would be free to raise any matters of concern to it in that regard.

20. Accordingly, the Board adopted the draft decision in TD/B/EX(9)/L.1, the annex to which sets forth the terms of reference of the Commission on International Investment and Transnational Corporations. (For the text, see chapter I.B, decision 425 (XLI).)

L. Adoption of the report of the Board

21. At its 858th (closing) meeting, the Board adopted the draft report on the second part of its forty-first session (TD/B/41(2)/L.2 and Add.1-2), authorizing the Rapporteur to complete the final report with the proceedings of the closing meeting and to incorporate any amendments submitted by delegations. The Board further requested the Rapporteur, under the authority of the President, to prepare the Board's report to the General Assembly.

Notes

[1] See Proceedings of the United Nations Conference on Trade and Development, Eighth Session, Report and Annexes (TD/364/Rev.1) (United Nations publication, Sales No. E.93.II.D.5), part one, sect. A.

[2] United Nations publication, Sales No. E.95.II.D.2.

[3] See Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994 (GATT secretariat publication, Sales No. GATT/1994-7).

ANNEX I

Final communiqué of the eighteenth meeting of the Chairmen/Coordinators of the Group of 77 Chapters

At their Eighteenth Meeting, held at Geneva on 14 and 15 March 1995 under the chairmanship of Ambassador Felipe Mabilangan, Permanent Representative of the Philippines to the United Nations and Chairman of the Group of 77 in New York, the Chairmen/Coordinators of the Group of 77 Chapters in Geneva, Nairobi, New York, Paris, Rome, Vienna and Washington adopted, on behalf of the Group of 77 and China, the following communiqué:

1. We wish to underline the important role that the Group of 77 has played in strengthening international cooperation for development, and we continue to subscribe to the spirit, goals, objectives and principles incorporated in the joint declaration adopted by the Group of 77 in Geneva on 15 June 1964. We also uphold the declaration adopted by the Special Ministerial Meeting commemorating the thirtieth anniversary of the establishment of the Group of 77, held in New York on 24 June 1994.

2. In reaffirming our commitment to the objectives of the Group of 77, we restate our determination to strengthen South-South cooperation in accordance with the provisions of the Caracas Programme of Action and to strengthen North-South cooperation in accordance with the Charter of Algiers.

3. In this connection, we underline the relevance of the decisions taken by the seventeenth meeting of the Chairmen/Coordinators of the Group of 77 Chapters in New York, which are aimed at strengthening the institutional effectiveness of the Group of 77. Similarly, we recall the decision of the Intergovernmental Follow-up and Coordination Committee of the Group of 77 on Economic Cooperation among Developing Countries (IFCC) on this matter. We are firmly committed to achieving greater collaboration between the chapters and to ensuring that our coordination is action-oriented for the mutual benefit of all developing countries.

4. We call for the support of developed countries in the implementation and follow-up of decisions and recommendations set forth in the programme of action adopted at the United Nations Conference on Environment and Development, held at Rio de Janeiro in 1992, the Global Conference on the Sustainable Development of Small Island Developing States, held at Bridgetown in 1994, the International Conference on Population and Development, held at Cairo in September 1994, and the World Summit for Social Development, held at Copenhagen in March 1995; and we attach high priority to the Fourth World Conference on Women, to be held at Beijing in September 1995, Habitat II, to be held at Istanbul in 1996, and the ninth session of the United Nations Conference on Trade and Development, to be held in Africa in 1996.

5. We are concerned that, in redefining the basis of international economic cooperation, the use of new concepts such as "sustainable human development" and "human security" provide scope for introducing new conditionalities and intrusiveness in the domestic policies of developing countries.

6. We emphasize the urgent need for a substantial expansion in official development assistance and urge developed countries to honour their commitments in allocating 0.7 per cent of their GNP, as called for in the International Development Strategy for the Fourth United Nations Development Decade, various

resolutions of the General Assembly, the decisions of the United Nations Conference on Environment and Development and other relevant international agreements.

7. We reiterate the high priority that developing countries attach to an agenda for development, which should be based on the fundamental right to development and the recognition that development is also an indispensable prerequisite for peace. The agenda should take into account the priorities of the developing countries, including those relating to financing development, industry, trade, education, culture, information, science and the transfer of technology. It should recognize that economic growth and development in developing countries are of mutual interest for developing as well as developed countries for the strengthening of the global economy. To that end, it should in particular seek to promote effective implementation of the existing commitments and agreements in the field of international economic and social cooperation, including development of human resources.

8. We emphasize the importance we attach to ensuring that the United Nations system plays a greater role in the field of development by enabling both UNCTAD and specialized agencies, including UNIDO, to continue to play their full role as essential focal points in the United Nations system for the trade and development, food and agriculture, and industrial development of developing countries. We express our firm determination to oppose any attempt to weaken or undermine those two organizations' contribution to development and call for renewed efforts to strengthen and reinvigorate the two organizations, which have always served the development objectives of developing countries.

9. We stress our belief in the role and relevance of UNCTAD, as confirmed by recent developments in the world economy and institutional change, including the creation of the World Trade Organization (WTO), which reinforce the need for a policy-oriented trade forum with a strong development perspective such as UNCTAD. Consequently, we reaffirm the strong commitment of the members of the Group of 77 to the strengthening of UNCTAD, including the provision of adequate resources, and look forward to the ninth session of the United Nations Conference on Trade and Development as a further important step towards global development.

10. We stress further the need for more effective measures and innovative strategies for external debt reduction and alleviating the debt-servicing burden of developing countries, including cancellation of such debt. We express concern that reverse transfer of resources on this account impairs the process of growth and development of developing countries.

11. We reiterate our support for the follow-up process of the Rio Conference, particularly for Agenda 21 and the conventions on biodiversity, desertification and climate change, and call upon developed countries and the United Nations system to fulfil their commitments pertaining to poverty eradication, provision of new and additional financial resources and transfer of technology in order to enable developing countries to fulfil their obligations under the Rio agreements. We call for greater coordination among the various international organizations dealing with environment and development and a more positive response to the development and environmental concerns of the developing countries.

12. We reaffirm the need for a constructive dialogue between the North and the South as an instrument for the promotion of the economic growth and development of developing countries. We stress that such a dialogue should be conducted on

the basis of an economic imperative of mutuality of interests and benefits and genuine interdependence.

13. We reaffirm our commitment to South-South cooperation as a necessary and viable strategy for greater collective self-reliance for national, regional and global development and as a major mechanism for the promotion of growth and accelerated development, including human resource development, and affirm the importance of holding the ninth session of IFCC during 1995, and our full support for the convening of a United Nations Conference on south-south cooperation in 1997. We also emphasize the importance of a successful outcome of the Global System of Trade Preferences among Developing Countries (GSTP) negotiations, which would serve as a catalyst for increasing trade between developing countries and impact favourably on the world economy as a whole.

14. In adopting this final communiqué, we wish to confirm our firm determination and commitment to bring our collaboration to a higher level and to make our coordination action-oriented for the mutual benefit and common interests of the developing countries.

The Chairmen/Coordinators of the Group of 77 Chapters are the following:

New York: H.E. Ambassador Felipe Mabilangan (Philippines)
Geneva: H.E. Ambassador Guillermo Alberto Gonzalez (Colombia)
Nairobi: H.E. Ambassador Shafqat Kakakhel (Pakistan)
Paris: H.E. Ambassador Nina Sibal (India)
Vienna: H.E. Ambassador Ali Khalid El Hussein (Sudan)
Rome: Dr. Adel Aboul-Naga (Egypt)
Washington: Governor Willy W. Zapata S. (Guatemala)

ANNEX II

Agenda for the second part of the forty-first session of the Board

1. Procedural matters:

   (a) Adoption of the agenda and organization of the work of the session;

   (b) Adoption of the report on credentials;

   (c) Provisional agenda for the first part of the forty-second session of the Board;

   (d) Provisional agenda for the pre-sessional executive session of the Board in September 1995

2. Trade policies, structural adjustment and economic reform: developments relating to structural adjustment policies in developed countries and their implications

3. Sustainable development: policy review of UNCTAD's activities on sustainable development

4. Implementation of the Programme of Action for the Least Developed Countries for the 1990s:

   (a) Status of preparations for the High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s;

   (b) Annual review of progress in the implementation of the Programme of Action

5. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s:

   (a) Sustainable development, population, human resources and environment;

   (b) Progress report by the UNCTAD secretariat and evaluation of UNCTAD's contribution to the implementation of the New Agenda

6. Other matters in the field of trade and development: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-seventh session

7. Preparations for the ninth session of the United Nations Conference on Trade and Development

8. Institutional, organizational, administrative and related matters:

   (a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

   (b) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

(c) Review of the calendar of meetings;

(d) Administrative and financial implications of the actions of the Board

9. Other business

10. Adoption of the report of the Board.

ANNEX III

Provisional agenda for the first part of the forty-second session of the Board

1. Procedural matters:

   (a) Election of officers;

   (b) Adoption of the agenda and organization of the work of the session;

   (c) Adoption of the report on credentials;

   (d) Provisional agenda for the second part of the forty-second session of the Board;

   (e) Provisional agenda for the pre-sessional executive session of the Board (spring 1996)

2. International implications of macroeconomic policies and issues concerning interdependence: linkages between global financial and trade flows, development, and levels of economic activity and employment, and the future implications following the Uruguay Round

3. Specific action related to the particular needs and problems of landlocked developing countries

4. UNCTAD's assistance to the Palestinian people

5. Preparations for the ninth session of the United Nations Conference on Trade and Development

6. Other matters in the field of trade and development:

   (a) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-eighth session;

   (b) Progressive development of the law of international trade: twenty-eighth annual report of the United Nations Commission on International Trade Law;

   [To be completed in the light of developments]

7. Institutional, organizational, administrative and related matters:

   (a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

   (b) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

   (c) Review of the calendar of meetings;

   (d) Administrative and financial implications of the actions of the Board

8. Other business

9. Adoption of the report of the Board.

ANNEX IV

Membership and attendance*

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Afghanistan
Albania
Algeria
Angola
Argentina
Australia
Austria
Bangladesh
Belgium
Bhutan
Bolivia
Brazil
Bulgaria
Cameroon
Canada
Chile
China
Colombia
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Cyprus
Czech Republic
Democratic People's Republic of Korea
Denmark
Ecuador
Egypt
El Salvador
Ethiopia
Finland
France
Gabon
Germany
Ghana
Greece
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kenya
Lebanon
Liberia
Libyan Arab Jamahiriya
Luxembourg
Madagascar
Malaysia
Malta
Mexico
Mongolia
Morocco
Myanmar
Nepal
Netherlands
Nigeria
Norway
Oman
Pakistan
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Romania
Russian Federation
Senegal
Slovakia
South Africa
Spain
Sri Lanka
Sudan
Sweden
Switzerland
Syrian Arab Republic
Thailand
The former Yugoslav Republic of Macedonia
Trinidad and Tobago
Tunisia
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Venezuela
Viet Nam
Yemen
Zambia
Zimbabwe

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* For the list of participants, see TD/B/41(2)/INF.3.

2. The following States members of UNCTAD, not members of the Board, were represented as observers at the session:

Holy See
Niger

3. The United Nations Centre for Human Settlements (Habitat) and the United Nations Development Programme were represented at the session. The International Trade Centre UNCTAD/GATT was also represented.

4. The following specialized and related agencies were represented at the session:

International Labour Organization
Food and Agriculture Organization of the United Nations
World Health Organization
International Monetary Fund
United Nations Industrial Development Organization

The World Trade Organization was also represented.

5. The following intergovernmental organizations were represented at the session:

European Community
Organisation for Economic Cooperation and Development
Organization of the Islamic Conference
Organization of African Unity (OAU)

6. The following non-governmental organizations were represented at the session:

General Category

Friends World Committee for Consultation (Quakers)
International Bar Association
International Chamber of Commerce
International Confederation of Free Trade Unions
Third World Network
World Federation of United Nations Associations
World Peace Council
World Veterans Federation

Special Category

Environmental Development Action in the Third World
International Air Transport Association

Part Two

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS FORTY-SECOND SESSION

Held at Geneva from 11 to 20 September 1995

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS OF ITS AGENDA

A. Preparations for the ninth session of the United Nations Conference on Trade and Development

The following decision was adopted by the Board on 18 September 1995:

Decision 430 (XLII): Date and venue of the ninth session of the United Nations Conference on Trade and Development*

The Trade and Development Board,

Welcoming with deep appreciation the offer made at its current session by the Government of the Republic of South Africa to host the ninth session of the United Nations Conference on Trade and Development at Midrand from 27 April to 11 May 1996,

1. Agrees that the ninth session of the United Nations Conference on Trade and Development should take place at Midrand, Gauteng Province, South Africa, from 27 April to 11 May 1996, preceded by a one-day senior officials meeting on 26 April 1996;

2. Decides to recommend to the General Assembly at its fiftieth session that the ninth session of the Conference be convened from 27 April to 11 May 1996 at Midrand, South Africa;

3. Requests the Secretary-General of the United Nations Conference on Trade and Development to make all the necessary arrangements for the Conference.

866th plenary meeting
18 September 1995

B. International implications of macroeconomic policies and issues concerning interdependence: linkages between global financial and trade flows, development, and levels of economic activity and employment, and the future implications following the Uruguay Round

Summing-up by the President of the Board

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board decided to incorporate in its final report the text of the President's summing-up on agenda item 2, which he had prepared on his own authority and in consultation with delegations. The text of the President's summing-up follows.

INTERDEPENDENCE: SUMMING-UP BY THE PRESIDENT

1. The debate on this item was rich and constructive. It addressed a number of general policy issues concerning global interdependence as well as the

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* Originally circulated in document TD/B/42(1)/L.4.

special topic on interdependence agreed on at the forty-first session of the Trade and Development Board - namely, linkages between global financial and trade flows, development, and levels of economic activity and employment, and the future implications following the Uruguay Round - in accordance with paragraph 66 of the Cartagena Commitment,[1] using the Trade and Development Report, 1995[2] as background. The debate also included an intensive informal exchange of views with a panel of experts whose views greatly contributed to the understanding of the problems. Given the growing importance and complexity of issues raised by greater interdependence among countries, the brevity of this session was regretted by some delegations as well as the late arrival of the Report and its availability in English only, which made adequate preparation for the discussion at the session difficult for Governments. Some delegations asked that any future Trade and Development Report should be made available in July.

2. The Trade and Development Report, 1995 was commended by delegations for its high standards of analysis and willingness to tackle challenging policy issues from a fresh perspective. While interdependence among unemployment, trade and development was generally recognized, concern was expressed that the 1995 Report devoted too much attention to economic problems in the industrialized countries compared to the issues of trade and development, and problems of economic policy, in developing countries. Several delegations believed that greater attention could have been paid to the consequences for developing countries of the conclusion of the Uruguay Round and that the specific labour market problems of developing countries could have been included in the Report's analysis of interdependence and unemployment. It was also noted that the Report's discussion of economic issues did not give equal attention to all regions and that attention to issues relevant to Africa, in particular, and the transition economies was minimal. Some delegations provided further analysis and information on the recent developments and policy issues in their countries.

3. There was general optimism over the longer-term prospects for the world economy. The strong growth of exports last year along with the perspectives of further trade liberalization opened by the successful conclusion of the Uruguay Round provided excellent prospects for a more open world economy. Recovery was continuing in the advanced countries without igniting inflationary pressures, the strong growth performance of some developing countries was particularly encouraging and adjustment policies were beginning to bear fruit in some transition economies. However, it was generally acknowledged that short-term economic difficulties in some countries were impinging on growth and recovery during the current year. Some of those difficulties were associated with turbulence on financial markets, but some were the result of specific policy actions. Attention was also drawn to the disparities in economic growth among different regions of the developing world, and particularly to the lack of improvement in the economic situation of least developed countries and the continued difficulties in Africa. The view was expressed that the new opportunities from economic reforms in a globalizing world were too unevenly distributed and that many countries faced the risk of marginalization. Some delegations also noted that the creation of a truly global economy would require freer movement of natural persons.

4. It was generally agreed that the problem of unemployment in developed countries was very real and one which needed increased attention if the benefits of a more open world economy were not to be called into question or even reversed. However, it was also suggested that the figure of 34 million unemployed in the advanced industrial economies given in the Report, although high by historical standards, was small compared with the number of unemployed and underemployed in developing countries. A number of delegations underlined

the differences in the nature and characteristics of unemployment in developing countries. Delegations from economies in transition also pointed to historically high rates of unemployment in their own countries.

5. Although the question of the causes of unemployment in developed countries continued to provoke considerable disagreement, there was broad agreement with the Report's conclusion that the rise of manufactured exports from developing countries was not the cause of labour market problems in developed countries. Moreover, the convergence of views in the Report with the findings of other international organizations, pointing to a mixture of causes on the supply and demand sides, was seen as a welcome development. However, it was also stated that the problem of labour market rigidities merited greater attention than was given in the Report. The importance of exports to developing countries was noted by many delegations as a major source of job creation in developed economies; better commodity price trends, increased development assistance and further debt relief, by enhancing the import capacity of developing countries, would help reduce unemployment in developed countries.

6. Agreement on solutions to unemployment in developed countries was even more difficult to reach than identification of causes. However, it was generally felt that a multiple approach to the problem of unemployment had to be matched on the side of policy makers. Many delegations from both developed and developing countries expressed the view that international trade was not the cause of the problem, and there was a consensus that a resort to neo-mercantilist, protectionist measures would not only fail to provide a solution, but would also be detrimental to the economic prospects of all countries. It was generally recognized that higher rates of economic growth would make a major contribution to the reduction of unemployment. But delegations from developed countries pointed out that any attempt to accelerate economic growth could not ignore the constraints on rapid expansion. Any new fiscal measures would have to be carefully assessed in light of their credibility with financial markets and any relaxation of monetary policy would be unacceptable if it heightened inflation pressures. They felt that a cautions approach which maintained the existing macroeconomic equilibrium was still the desirable course to follow, coupled with a stronger emphasis on supply-side measures such as better training, greater labour mobility and wage flexibility.

7. Concern was expressed by some delegations regarding the adverse effects on neighbouring countries of United Nations economic sanctions on parts of former Yugoslavia, and the UNCTAD secretariat was urged to address the trade-related effects of such decisions in accordance with General Assembly resolutions 48/210 and 49/21 A.

8. Most delegations commented on the rapid expansion of international financial markets in recent years. It was recognized that, while private capital flows to developing countries could make an important contribution to growth and development, many of those inflows were in the form of portfolio investment rather than direct investment in productive capacity, and their distribution among developing countries was uneven, with countries needing capital most being unable to attract them. Furthermore, such flows were highly volatile and unpredictable; at the same time, greater financial stability was of crucial importance for both developing countries and the transition economies.

9. There was a widely shared view that other developing countries could draw important lessons from the recent experience of Latin America. The Trade and Development Report's analysis of the financial crisis in Latin America was praised by many delegations, and the conclusion that large swings in the flow of

short-term, liquid capital and volatile exchange rates could create problems for macroeconomic management in all countries, including developed countries, was generally accepted. The view was expressed that, despite the short-term volatility of the recent private capital flows, these could be more sustainable than the flows of syndicated bank lending in the 1970s, and that the difficulties experienced by some Latin American countries would only be temporary. However, some delegations did not agree with all aspects of the Report's analysis of policy reforms or with its recommendations, and one questioned the figures presented in the Report.

10. There was diverging views as to the causes of financial and currency instability. While some delegations believed that financial liberalization had led to an increase of speculative capital movements, others saw inadequate economic policies and poor fundamentals as the main culprit, in particular excessive creation of domestic credit, loose fiscal policies and insufficient domestic savings.

11. There was a detailed discussion on how to deal with short-term capital flows. It was broadly agreed that the systemic risk of derivatives markets should be kept under control by improvements in prudential regulation and a strengthening of the legal and institutional framework for such markets. The view was expressed that financial liberalization had to be compatible with the level of development of the countries concerned. Some delegations supported tighter controls on such flows through regional and international cooperation, including the instrumentality of a tax on short-term capital movements, while others expressed the view that such controls would be neither effective nor feasible. Several delegations were of the opinion that sound macroeconomic policies, including fiscal equilibrium and sterilization of inflows, could prevent crises and that overvalued exchange rates and unsustainable current account deficits must be avoided. The view was also expressed that it was necessary to stabilize exchange and interest rates through greater international cooperation. In general, it was felt that further study of the issues was required, including the mechanisms to monitor short-term capital flows and to assist countries affected by sharp swings in private capital flows.

12. A number developing countries noted that, in view of the problems associated with private capital flows to developing countries, official development finance continued to play a major role. They underlined that external debt was still too high in many developing countries and that the eligibility criteria for application of the new Naples terms of the Paris Club still excluded too many developing countries from the possibility of renegotiating their debt and from adequate debt relief measures. For the least developed countries, debt relief initiatives had proved inadequate and further measures would be needed. They also expressed concern regarding the stagnation of official development assistance and other forms of official development finance.

C. Other action

1. Specific action related to the particular needs and problems of landlocked developing countries

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board, acting on the recommendations of the Sessional Committee, took note of the progress report by the UNCTAD secretariat entitled "Specific action related to the particular needs and problems of landlocked developing

countries" (TD/B/42(1)/14) and of the report of the second Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, held in New York from 19 to 22 June 1995 (TD/B/42(1)/11-TD/B/LDC/AC.1/7). The Board endorsed the conclusions and recommendations on the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community annexed to that report, and decided to transmit the report, as well as the progress report by the UNCTAD secretariat and the comments thereon, to the General Assembly for further appropriate action.

2. UNCTAD's assistance to the Palestinian people

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board, acting on the recommendation of the Sessional Committee, took note of the report by the UNCTAD secretariat entitled "Developments in the economy of the occupied Palestinian territory" (TD/B/42(1)/8), including the proposed programme of technical assistance activities in part III of the report, and, in accordance with General Assembly resolution 47/445, decided to annex the summary of the discussions under the item to the present report (see annex IV).

3. Preparations for the ninth session of the United Nations Conference on Trade and Development

1. In the course of the 866th meeting of the Trade and Development Board, on 18 September 1995, a teleconference was held between Johannesburg, New York, Addis Ababa and Geneva. The teleconference was addressed by the following: Mr. Nelson Mandela, President of the Republic of South Africa (from Johannesburg); Mr. Tokyo Sexwale, Premier of Gauteng Province, South Africa (from Geneva); Mr. Boutros Boutros Ghali, Secretary-General of the United Nations (from New York); Mr. Duri Mohamed, President of Addis Ababa University on behalf of Mr. Melese Zenawi, Prime Minister of Ethiopia and Chairman of the Organization of African Unity (from Addis Ababa); Mr. Rubens Ricupero, Secretary-General of the United Nations Conference on Trade and Development (from New York); and Mr. Trevor Manual, Minister of Trade and Industry of South Africa (from Johannesburg).

2. In the course of his address, Mr. Tokyo Sexwale formally announced the offer by the Government of the Republic of South Africa to host the ninth session of the United Nations Conference on Trade and Development in Midrand from 27 April to 11 May 1996.

Action by the Board

3. At the same meeting, the Trade and Development Board accepted by acclamation the official invitation of the Republic of South Africa to host the ninth session of the United Nations Conference on Trade and Development and adopted the draft decision on the date and venue of the Conference (see sect. A, decision 430 (XLII)).

4. Statements of appreciation and gratitude to the South African authorities were made by the spokesman for the African Group (Côte d'Ivoire), the spokesman for the Group of 77 and China (Colombia), the representative of Spain on behalf of the European Union, the spokesman for the Latin American and Caribbean Group (Jamaica), and the spokeswoman for Group B (Sweden).

5. At its 867th meeting, on 19 September 1995, the Board took note of the provisional agenda for the ninth session of the Conference, as completed with the customary procedural and administrative items, together with the agreed annotations and the background note by the UNCTAD secretariat (see annex II).

6. At the same meeting, the Board approved the provisional agenda for its eighteenth special session, which was scheduled to be held from 11 to 15 December 1995 in order to prepare for the ninth session of the Conference (see annex III).

7. In connection with the preparatory mechanism for the Conference, the President stated that he would be conducting informal consultations as of mid-October to prepare for the eighteenth special session of the Board. In addition, an executive session of the Board would be convened for half a day towards the end of January 1996 to launch formally the substantive preparatory process for the Conference through the establishment of a committee of the whole to be chaired by the President. The committee would be open-ended and would meet as often as necessary to prepare a pre-conference text; it would conclude its work and report to the executive session of the Board which would be resumed in March 1996.

4. Other matters in the field of trade and development

(a) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT

At its 867th meeting, on 19 September 1995, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-eighth session (ITC/AG(XXVIII)/150 and Add.1), which had been circulated to the Board under cover of a note by the UNCTAD secretariat (TD/B/42(1)/15).

(b) Progressive development of the law of international trade: report of the United Nations Commission on International Trade Law

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board took note of the report of the United Nations Commission on International Trade Law on the work of its twenty-eighth session,[3] held in Vienna from 2 to 26 May 1995; the report had been circulated to the Board under cover of a note by the UNCTAD secretariat (TD/B/42(1)/16). The Board also took note of the statement made in this connection by the representative of Hungary (see chap. II.B).

5. Other business

(a) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1996*

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board took note of the membership of the Working Party on the Medium-term Plan and the Programme Budget for 1996 as proposed by the regional group coordinators and China. The new membership was as follows:

Argentina
Bulgaria
Chile
China
India
Indonesia
Italy
Japan
Mexico
Morocco
Nigeria
Norway
Pakistan
Poland
Russian Federation
South Africa
Switzerland
United States of America
United Kingdom of Great Britain and Northern Ireland

(b) Report of the second TRAINFORTRADE Network development meeting

At the same meeting, the President informed the Board that the report on the second TRAINFORTRADE Network development meeting, held in Grenoble, France, from 27 to 30 June 1995, was available in the meeting room.

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* Item referred for completion to the forty-second session by the Board at its eleventh (pre-sessional) executive session, on 5 September 1995.

II. STATEMENTS OF POSITION

A. Closing statements

At the 868th (closing) meeting of the Board, on 20 September 1995, the following regional coordinators and representatives made statements of appreciation and gratitude to the Government of the Republic of South Africa for the generous offer to host the ninth session of the United Nations Conference on Trade and Development, and expressed their support for the summing-up made by the President of the Board in his personal capacity:* spokeswoman for the Group of 77 (Colombia); spokeswoman for Group B (Sweden); representative of Spain on behalf of the European Union; spokesman for the African Group (Côte d'Ivoire); spokeswoman for the Asian Group (Indonesia); spokesman for the Latin American and Caribbean Group (Brazil); spokesman for Group D (Belarus); representative of the Russian Federation; representative of China.

B. Statement by the representative of Hungary

In connection with the Board's action on the report of the United Nations Commission on International Trade Law (UNCITRAL) on the work of its twenty-eighth session,** the representative of Hungary said that UNCITRAL's activities had a direct relevance to international trade practices. By its very nature, UNCITRAL focused on legal texts that were intended to serve either as a model or as binding rules if an international convention were concluded. In the view of his delegation, the processes under way in UNCITRAL should be brought to the attention of the business community. The UNCTAD secretariat could examine the modalities for doing this and endeavour to provide the relevant general information.

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* See chap. I.B.

** See chap. I.C, sect. 4.

III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The forty-second session of the Trade and Development Board was opened on 11 September 1995 by Mr. William Rossier (Switzerland), the President of the Board at its forty-second session.

B. Election of officers

2. At its eleventh (pre-sessional) executive session, on 5 September 1995, the Board had elected by acclamation Mr. William Rossier (Switzerland) to be the President of the Board throughout its forty-second session.

3. At its 862nd (opening) meeting, on 11 September 1995, the Board completed the election of officers to serve on the Bureau of the Board throughout its forty-second session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

President: Mr. William Rossier (Switzerland)

Vice-Presidents: Mr. Youri Afanassiev (Russian Federation)
Mr. Munir Akram (Pakistan)
Ms. Kristie Kenney (United States of America)
Mr. Antonio E. Marziota Delgado (Cuba)
Mr. Shohei Naito (Japan)
Mr. Sirous Nasseri (Islamic Republic of Iran)
Mr. Javier Paulinich (Peru)
Mr. Henri Reynaud (France)
Mr. Jacobs S. Selebi (South Africa)
Mrs. Appolonie Simbizi (Burundi)

Rapporteur: Mr. Jan Piotrowski (Poland)

C. Adoption of the agenda and organization of the work of the session

4. At its 862nd (opening) meeting, the Board adopted the provisional agenda for the session as contained in document TD/B/42(1)/1 (see annex I).

5. The Board approved the organization of the work of the session as outlined in TD/B/42(1)/1/Add.1. The President stated that the reduction of the current session of the Board from two weeks to eight working days and the proposal to establish only one sessional committee were due to the fact that the High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s would begin in New York on Monday, 25 September. This was an exceptional measure and did not constitute a precedent for the duration or organization of future sessions of the Board.

6. In accordance with the proposed organization of work, the Board established a Sessional Committee to consider and report on the following agenda items:

Item 3 - Specific action related to the particular needs and problems of landlocked developing countries

Item 4 - UNCTAD's assistance to the Palestinian people.

At its 1st meeting, the Sessional Committee elected the following officers:

Chairman: Mr. Banmali Prasad Lacoul (Nepal)

Vice-Chairman-cum-Rapporteur: Mr. Zafer Baltacioglu (Turkey)

7. At its 868th (closing) meeting, on 20 September 1995, the Board took note of the report of the Sessional Committee (TD/B/42(1)/SC/L.1 and Add.1) and decided to incorporate it in the final report of the Board on the session.

D. Adoption of the report on credentials

8. At its 868th (closing) meeting, on 20 September 1995, the Board adopted the report submitted by the Bureau on the credentials of representatives attending the session (TD/B/42(1)/18).

E. Provisional agenda for the second part of the forty-second session of the Board

9. At its 868th (closing) meeting, on 20 September 1995, with regard to the provisional agenda for the second part of the forty-second session of the Board, which was scheduled to take place immediately after the ninth session of the United Nations Conference on Trade and Development, the Board approved the substantive item proposed by the Officer-in-Charge of UNCTAD in consultation with the President - namely, follow-up to the relevant decisions and recommendations of the ninth session of the Conference - on the understanding that the agenda would be reviewed at the time of the Conference.*

F. Provisional agenda for the pre-sessional executive session of the Board

10. At its 868th (closing) meeting, the Board requested the Secretary-General of UNCTAD to draw up the draft provisional agenda for the pre-sessional executive session of the Board (spring 1996) in the light of developments, nearer to the time of the executive session, and to submit it for approval to the consultative machinery after the Conference.

G. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

11. At its 863rd meeting, on 12 September 1995, the Board took note that there were no new applications from intergovernmental organizations.

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* At its ninth session the Conference decided that the regular session of the Board would be convened in one part in the autumn each year. The second part of the forty-second session was therefore not held, and the first part became the forty-second session in its entirety.

H. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

12. At its 863rd meeting, the Board approved the applications of two non-governmental organizations and decided, in accordance with the recommendation of the Secretary-General of UNCTAD and of the Bureau, to designate and classify them for the purposes of rule 77 of the rules of procedure and in accordance with paragraph 12 (a) and 12 (b) of Board decision 43 (VII), as follows:

General category: International Council of Environmental Law (TD/B/42(1)/R.1);

Special category: Fundación Futuro Latinoamericano (TD/B/42(1)/R.2), so that it might participate in the work of the Standing Committee on Commodities, the Ad Hoc Working Group on Trade, Environment and Development and the Ad Hoc Working Group on Trading Opportunities in the New International Trading Context.

13. At the same meeting, the Board noted that the International Savings Banks Institute, which had been granted status in the special category by the Board at its thirteenth session, had been dissolved and that the World Savings Banks Institute (WSBI) had taken over its activities. The Board agreed to the recommendation of the Secretary-General of UNCTAD and of the Bureau that, in accordance with its wishes, WSBI be reclassified in the general category.

I. Review of the calendar of meetings

14. At its 868th (closing) meeting, on 20 September 1995, the Board approved the draft calendar of meetings for the remainder of 1995 and a draft calendar for the first half of 1996 (TD/B/42(1)/CRP.2).

15. The Board noted that, as part of the secretariat's forward planning, tentative meeting slots had been reserved with the United Nations Office at Geneva for the second half of 1996 and for 1997 in order to accommodate future meetings of the intergovernmental machinery as might be decided upon by the Board or the Conference.

J. Administrative and financial implications of the actions of the Board

16. At its 868th (closing) meeting, the Board noted that there were no additional administrative or financial implications arising from the work of its current session.

K. Adoption of the report of the Board

17. At its 868th (closing) meeting, the Board adopted the draft report on the session (TD/B/42(1)/L.2 and Add.1-3), authorizing the Rapporteur to complete the final report as appropriate and to incorporate any amendments submitted by delegations. The Board further requested the Rapporteur, under the authority of the President, to prepare the Board's report to the General Assembly.

Notes

[1] See Proceedings of the United Nations Conference on Trade and Development, Eighth Session, Report and Annexes (TD/364/Rev.1) (United Nations publication, Sales No. E.93.II.D.5), part one, sect. A.

[2] United Nations publication, Sales No. E.95.II.D.16.

[3] Official Records of the General Assembly, Fiftieth Session, Supplement No. 17 (A/50/17).

ANNEX I

Agenda for the first part of the forty-second session of the Board

1. Procedural matters:

   (a) Election of officers;

   (b) Adoption of the agenda and organization of the work of the session;

   (c) Adoption of the report on credentials;

   (d) Provisional agenda for the second part of the forty-second session of the Board;

   (e) Provisional agenda for the pre-sessional executive session of the Board (spring 1996)

2. International implications of macroeconomic policies and issues concerning interdependence: linkages between global financial and trade flows, development, and levels of economic activity and employment, and the future implications following the Uruguay Round

3. Specific action related to the particular needs and problems of landlocked developing countries

4. UNCTAD's assistance to the Palestinian people

5. Preparations for the ninth session of the United Nations Conference on Trade and Development

6. Other matters in the field of trade and development:

   (a) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-eighth session;

   (b) Progressive development of the law of international trade: twenty-eighth annual report of the United Nations Commission on International Trade Law

7. Institutional, organizational, administrative and related matters:

   (a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

   (b) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

   (c) Review of the calendar of meetings;

   (d) Administrative and financial implications of the actions of the Board

8. Other business

9. Adoption of the report of the Board.

ANNEX II

Provisional agenda for the ninth session of the United Nations Conference on Trade and Development

1. Opening of the Conference

2. Election of the President

3. Establishment of sessional bodies

4. Election of Vice-Presidents and the Rapporteur

5. Credentials of representatives to the Conference:

   (a) Appointment of the Credentials Committee;

   (b) Report of the Credentials Committee

6. Adoption of the agenda

7. General debate

8. Promoting growth and sustainable development in a globalizing and liberalizing world economy;

   Meeting the challenge of maximizing the developmental impact of globalization and liberalization, while minimizing the risks of marginalization and instability. Towards this end, the Conference will deal with the following topics:

   (a) Development policies and strategies in an increasingly interdependent world economy in the 1990s and beyond:

      (i) Assessment of the development problematique in the current context;

      (ii) Policies and strategies for the future;

   (b) Promoting international trade as an instrument for development in the post-Uruguay Round world;

   (c) Promoting enterprise development and competitiveness in developing countries and countries in transition;

   (d) Future work of UNCTAD in accordance with its mandate; institutional implications

9. Other business

10. Adoption of the report of the Conference to the General Assembly.

Agreed annotations to the provisional agenda for the Conference

Against the background of an assessment of trends in the world economy, in particular those related to the processes of globalization and liberalization, the Conference will consider national and international policy approaches and measures for promoting growth and sustainable development.

Item 8 (a) (i)

The Conference will make an assessment of the fundamental trends in the international economic system, notably the growing and deepening interdependence among countries and sectors of the economy, in the light of their consequences for the development process. The Conference will examine in particular the opportunities for growth and development offered by the processes of globalization and liberalization in interlinked areas of trade, technology, money and finance, investment, services, commodities and environment, as well as the risks and potentially negative consequences that might be involved in those processes. The Conference could also examine the new and emerging issues within its competence in the perspective of their implications for trade and development.

Item 8 (a) (ii)

The Conference will consider relevant national and international policies and strategies that are needed to enable developing countries to take full advantage of the opportunities for growth and development offered by the new global context while minimizing the risks of new imbalances and instabilities, including in international financial markets, and the potential marginalization of the least developed countries and other weaker economies. In this context, the Conference will take into consideration the relevant problems of interested economies in transition. The Conference would also consider appropriate international support measures for enabling the least developed countries to participate more effectively in the globalization and liberalization processes, while taking into account the outcome of the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s. Similar measures could also be considered for low-income countries and other structurally weaker economies such as those in Africa, with the aim of improving economic conditions through raising income levels and export earnings.

In this connection, the objective should be to build consensus on the elements of development cooperation and appropriate development policy approaches and strategies, both at relevant national and international levels, required for the future. In this context, the Conference should also pay attention, inter alia, to issues related to the problems of unemployment, poverty alleviation and sustainable development; policies to expand and consolidate progress in access to markets; the role of government, as well as the public and private sectors, in the development process; resource flows and external debt. The Conference would also address new approaches to South-South economic cooperation, as well as the role and potential impact on development of regional economic groupings in the globalizing and liberalizing world economy.

Item 8 (b)

The Conference should focus on the consideration of concrete policies, measures and actions, both at relevant national and international levels, needed to promote the integration of developing countries, in particular the least developed countries, into the international trading system. The Conference would consider relevant national and international measures to facilitate the integration of interested economies in transition into the international trading system. In particular, the Conference should cover the following areas: the impact of the Uruguay Round agreements on development; measures to assist developing countries to benefit fully from trading opportunities arising from the Uruguay Round while making proposals for translating into concrete action the commitments made at the Ministerial Meeting held at Marrakesh, Morocco, in April 1994, regarding the least developed countries and net food-importing countries; promoting complementarity between UNCTAD and the World Trade Organization (WTO) with a view to addressing trade-related development concerns of the developing countries; the evolution of the generalized system of preferences; measures for capacity-building in trade efficiency, including access to information technologies; the implications of information technologies for trade; trade and environment; the interrelationship between trade and competition policy; capacity-building in developing countries in services and trading opportunities in this sector; reduction of the instability and risks faced by the commodity-export-dependent developing countries; promotion of commodity diversification; and efficient management of natural resources.

Item 8 (c)

The Conference will focus on the identification of concrete policies, measures and actions, both at relevant national and international levels, needed to create and promote entrepreneurship and an enabling environment for the development of internationally competitive enterprises, taking into account the promotion of small and medium-size enterprises and their financing. Policy measures will be considered in an integrated manner, covering such areas as encouragement of domestic and foreign investment; development of technological capabilities and transfer of technology; privatization and public-sector reform; and interrelationship between competition and enterprise development.

Item 8 (d)

The Conference will assess the work completed by UNCTAD since its eighth session, as well as the institutional reforms adopted at that session. The Conference will also consider the future role of UNCTAD, including its relationship with other international institutions to generate synergies among them. On the basis of UNCTAD's mandate and with a view to strengthening the United Nations system, the Conference should enable UNCTAD to become a more effective instrument for promoting development and the full integration of the developing countries, in particular the least developed countries, into the world economy and the international trading system. The Conference should take into consideration the need for the integration of the interested economies in transition into the world economy and the international trading system. Taking also into account the outcomes under items 8 (a), (b) and (c), the Conference would decide on the work programme implications and on the structures and orientations of the intergovernmental machinery of UNCTAD.

The Conference will also consider, in accordance with the relevant decisions of the General Assembly and the Economic and Social Council, UNCTAD's contribution, within its competence, to the follow-up to the outcomes of major United Nations conferences, including the World Summit for Social Development.

ANNEX

Background to the provisional agenda for the Conference

Note by the UNCTAD secretariat*

* See chap. I.A, annex, in part one of the present report.

ANNEX III

Provisional agenda for the eighteenth special session of the Board (11-15 December 1995)

1. Procedural matters:

   (a) Adoption of the agenda and organization of work of the session;

   (b) Adoption of the report on credentials

2. Review of the functioning of the intergovernmental machinery of UNCTAD in accordance with the Cartagena Commitment and subsequent relevant decisions of the Board

3. Preparations for the review by the ninth session of the United Nations Conference on Trade and Development of the lists of States annexed to General Assembly resolution 1995 (XIX)

4. Other business

5. Adoption of the report of the Board.

ANNEX IV

Discussion in the Trade and Development Board on UNCTAD's assistance to the Palestinian people

1. For its consideration of agenda item 4, the Board had before it a report by the UNCTAD secretariat entitled, "Developments in the economy of the occupied Palestinian territory" (TD/B/42(1)/8).

2. The Chief of the Special Economic Unit, in introducing the item, indicated that while legislative mandates continued to guide the work of the secretariat on the issue under consideration, the content and thrust of the work had evolved to take into account new conditions and to enhance its impact. The new policy environment presented a range of opportunities for the revival of the Palestinian economy. Agreements concluded since the signing in 1993 of the Declaration of Principles on Interim Self-Government Arrangements constituted the basis for the establishment of appropriate institutional infrastructures with capacities to formulate and implement policies and measures aimed at promoting economic activities in the interim period. Increasing Palestinian-Arab trade and cooperation helped to consolidate the process of integrating the Palestinian economy as a distinct element in regional development efforts. The achievements to date of the Middle East peace process served as the only concrete basis on which to build the Palestinian economy within a framework of peaceful cooperation with Israel and Arab neighbours.

3. Keen international interest in the political and economic developments in the region had prompted vigorous donor involvement to bolster Palestinian economic and social development efforts. However, the progress made towards establishing the institutional and physical infrastructure for the active involvement of the public and private sector in the economy, though notable, fell short of expectations, which appeared to have been overly optimistic. Nevertheless, as the Palestinian Authority and the local economy continued to demonstrate increasing capacities, undisbursed commitments by the international community in 1994 and pledges for 1995 should make a clear contribution towards the revival of the Palestinian economy. He noted that despite the improving policy environment, events on the ground continued to bear heavily on economic performance. Measures introduced by Israel on security grounds, especially the repeated closures of the Gaza Strip and the West Bank, had an adverse impact on the Palestinian economy.

4. The international programme of aid was largely focused on rehabilitation of infrastructures, and the rejuvenation of the economy was generally conceived to be the obligation of the private sector, in terms of both capitalization and management. Accordingly, private investment flows were expected to grow significantly following the Israel-Palestine accords. Despite some indications of growing interest by Palestinian and Arab investors, the volume of new private investment had been small during the last two years, except for private housing and construction activities. Nevertheless, convinced that the future held promise, entrepreneurs had begun to prepare the necessary formalities to proceed with investments once conditions were appropriate. For the time being, investors appeared to be awaiting the extension of Palestinian authority over the rest of the West Bank. Improvement of the investment climate also called for a range of reforms in macroeconomic and trade policies, as well as upgrading of the proficiency of a range of public and private sector institutions. Moreover, the ability of the economy to absorb substantial amounts of investment was heavily contingent upon major structural reform of the economy.

5. The intersectoral research project, initiated by the UNCTAD secretariat in 1990, had investigated the prospects for sustained development of the Palestinian economy up to the year 2010. The technical analysis, along with policy proposals reflecting a set of priorities at the macroeconomic and sectoral levels, should help in the elaboration of objectives for the rehabilitation and restructuring of the economy with a view to absorbing the surplus labour force, diversifying trade, achieving an adequate rate of growth in income and ensuring its equal distribution among regions. Achieving these necessitated articulation of a reconstruction programme along with appropriate policies, reform of the legal framework affecting the economy, creation of efficient public institutions to regulate and provide support to the private sector, and a programme for improving the productivity of human resources.

6. Following the formulation of the proposed programme of technical cooperation in support of Palestinian trade, finance and related services, consultations had been held with the Palestinian Authority regarding its priorities, scope and orientation of activities and implementation modalities. The programme was designed to contribute towards the realization of six interrelated objectives. A range of activities, carried out through the rendering of advisory services, organization of training programmes and workshops in the field and short-term stationing of experts in critical areas, was envisaged for the achievement of those objectives. Preliminary estimates indicated a total programme budget of about $3.5 million. The proposed programme of technical cooperation activities had been submitted for the approval of Palestine and the Palestinian Authority. It would subsequently be presented to potential bilateral and multilateral sources to seek their contributions. In the meantime, the Palestinian Authority had requested the UNCTAD secretariat, earlier in 1995, to initiate action on an urgent basis regarding some priority issues covered under the proposed programme. Despite resource limitations, the secretariat had been able to field several missions in mid-1995 to extend immediate advisory services to the Palestinian Authority in some of the areas.

7. He concluded by stating that the secretariat was ready to play an effective role in the international programme of assistance to the Palestinian people. It thus looked forward to the Board's guidance and support for its proposed efforts to secure the resources needed for the implementation of the programme of technical cooperation outlined above.

8. The representative of Egypt said that deliberations on this item came at an important time, when increasing international cooperation was called for to lay the basis for the Palestinian economy and for peace in the region. The signing by Israel and Palestine of the Declaration of Principles in September 1993, the Cairo Agreement in May 1994 and subsequent accords reflected the spirit of cooperation of the parties and their desire for peace, and constituted a basis for a just and comprehensive peace throughout the Middle East. The assumption by the Palestinian Authority of responsibilities in Gaza and Jericho and the commencement of operation of Palestinian institutions in various spheres marked the beginning of progress and stability for the Palestinian people. He expressed appreciation to the UNCTAD secretariat for the report it had prepared on developments in the economy of the occupied Palestinian territory and for its previous efforts and studies on this important subject. Great efforts had gone into preparing the report and into monitoring rapid recent developments which could bear positively on the Palestinian economy.

9. He noted that the report had revealed the significant gaps that existed in official statistics on Palestinian economic performance, a situation that gave

rise to concern. He welcomed the secretariat's proposal to assist the Palestinian Authority in this regard, especially in the area of trade information and statistics, and called on other agencies of the United Nations to extend assistance in their respective fields of competence. He also welcomed the report's account of the positive development in the Palestinian economy, in particular the existence of a well-defined and agreed framework for elaboration of economic policy and the improved conditions for private investment.

10. He reaffirmed his full and continuing support for the Palestinian Authority's efforts to develop the Palestinian economy, and he accorded special significance to cooperation with the Palestinian Authority in the field of institution-building, training and human resource development, as attested to by recent tripartite cooperation with the Government of Japan and the United Nations Development Programme to provide training in Egypt to Palestinians in building and construction skills.

11. Much more remained to be done to help the Palestinian Authority overcome the obstacles it was still facing. Areas on which attention should focus would include the need to reform the legal framework affecting economic activities, support for infrastructural projects that generated new employment opportunities, the needs of the private sector with respect to access to modern market and related information networks, the negative impact of closures of the occupied territory - a policy measure which should not be resorted to - and the problem of high unemployment and the need to give priority to projects which provided productive job opportunities. He called for stepped-up efforts to resolve these and other problems which hampered Palestinian economic development, pointing to the importance of removing all obstacles to the smooth flow of aid for Palestinian reconstruction pledged by the international donor community in October 1993.

12. In concluding, he expressed his full support for the programme of technical assistance prepared by the UNCTAD secretariat in coordination with the Palestinian Authority, which reflected needs in the areas of trade, finance and transport, and he called for the provision of the necessary funds to implement the programme.

13. The representative of Norway said that in recent years member countries had become highly aware of and interested in UNCTAD's assistance to the Palestinian people. It was important that the Middle East peace process be supported by the international community, and UNCTAD had proven its relevance in this respect. It was essential that UNCTAD's contribution serve two purposes: assisting in consolidating the peace process; and ensuring long-term sustainable social and economic development in the region. Such a dual approach was essential, as both components were interdependent. It was also crucial for international assistance to the Palestinian people to be properly coordinated so as to ensure optimal utilization of scarce resources and avoid duplication of efforts. The United Nations Special Coordinator in the Occupied Territories (UNSCO) was well equipped for this task.

14. Referring to UNCTAD's programme of technical cooperation activities in support of the Palestinian economy, he noted activities aimed at promoting the role of the private sector in the Palestinian economy. The World Bank and the International Monetary Fund (IMF) were already engaged in some of those areas. Similarly, in areas such as the management of financial flows, tariff regimes and customs administration, both the Palestinian and Israeli authorities had developed cooperation with the World Bank and IMF. As regards the development of a commercial seaport in the Gaza Strip, a number of countries were also

involved. When UNCTAD embarked upon the implementation of related activities under its own programme, it was crucial that these be complementary to those of other agencies and coordinated through UNSCO. His delegation was pleased to note that the UNCTAD secretariat had intensified its cooperation with UNSCO; in its dialogue with the latter, the UNCTAD secretariat could elaborate a clear set of priorities for its assistance to the Palestinian people, concentrating on activities within its mandate and where it had comparative advantage. Such cooperation and coordination with agencies like the World Bank and IMF would enhance the impact of UNCTAD's contribution and relevance to the efforts of the Palestinian Authority. It was, in fact, a challenge for UNCTAD, both in the field and in general, to ensure that its high-quality analysis and assessments were used by local authorities.

15. The representative of Israel said that the Trade and Development Board was addressing this topic for the second time since the signing and implementation of the Declaration of Principles and the Agreement on the Gaza Strip and the Jericho Area. Negotiations on extending self-governing arrangements were nearly complete, and all the problems connected with that agreement were almost resolved. He was optimistic that the completed agreement would be signed in the coming weeks, after which the next phase of Palestinian elections and redeployment of Israeli forces would begin. Meanwhile, almost all spheres of authority had been transferred to the Palestinian Authority under the terms of the early empowerment agreement.

16. The Palestinian Authority now exercised full powers in Gaza and Jericho, and it had taken major steps, with the assistance of the international community, to commence building the economy of those areas. Israel had made both funds and expertise available to the Palestinian Authority and attached the utmost importance to the success of the Palestinians in developing their economy. The financing of this development would be provided by assistance given or promised by donor countries, following their pledges made in October 1993 of $2.4 billion to be contributed over the period 1994-1998. Considerable contributions had been pledged by a number of countries, including Israel. He noted, however, that two years of the five-year period had already passed, and as could be seen from the figures for actual disbursements to date, the great bulk of the sum initially promised had not yet been forthcoming. He hoped that the urgently needed sums would be made available as soon as possible.

17. For its part, Israel had taken tangible steps to facilitate the development of the Palestinian economy, notwithstanding the border closures that Israel had been compelled to impose for short periods owing to terrorist attacks. Israel and the Palestinian Authority had agreed that five industrial parks should be established in the West Bank and Gaza Strip, and intensive planning was under way to bring this to fruition as soon as possible. The establishment of those parks would provide a major boost to the economy of the areas. On a more immediate level, steps had been taken to speed the flow of trucks between Gaza and Israel in both directions, as well as at the Rafah crossing point and at the Allenby Bridge. The joint economic committee established under the Oslo agreement continued to be active. At its most recent meeting, a wide-ranging discussion had been held on the Palestinian economy, including exports from Gaza to the West Bank, Egypt, Jordan and Israel.

18. At the international level, efforts were continuing. An IMF team would soon be preparing a Palestinian budgetary forecast for 1996; the World Bank had started preparing a survey of the public investment structure and its requirements; a joint World Bank-IMF-Palestinian-Israeli team of experts would be carrying out a general survey of the economic situation in the territories,

with special attention to four major sectors; and the World Bank had been asked to prepare proposals for the funding of major infrastructural projects.

19. The most visible signs of economic development in Gaza were the massive building projects, which had led to a marked increase in the number of employed persons. However, since much of this was the result of transitory projects, it would be necessary to take additional steps to stimulate the private sector. The present transitional phase should last long enough to allow for the resolution of the long-term unemployment problem through steps such as increasing the areas devoted to agriculture and developing service and processing skills for export.

20. He concluded by noting the improved morale in the Gaza area as a result of economic activities. This was only a start; further progress depended on the continuation of the peace process, the success of which would both affect and be affected by economic progress of the areas.

21. The representative of Japan commended the UNCTAD secretariat for its useful report on current developments in the Palestinian economy and for its cooperation aimed at improving the situation. Japan could not overestimate the importance of the Middle East peace process, and support for the Palestinian people was essential to ensure the success of this historic initiative. The Israel-Palestine agreement of 13 September 1993 was a significant contribution to the peace process, but the gains realized so far had not been entirely shared by the Palestinian people. It was imperative to transform those gains into actual economic and social development in the West Bank and Gaza Strip which could be clearly recognized by the Palestinian people.

22. With regard to Japan's policy of support for the Palestinian people and the Middle East peace process, the Prime Minister of Japan was currently visiting the region for discussions with the heads of Government of the countries directly involved in the peace process. In this context, preparations were under way for dispatching personnel to the United Nations Disengagement Observer Force (UNDOF), hopefully in February 1996, and for providing both financial and personnel support to the surveillance group for elections in the Palestinian territory to be held in the near future. Those initiatives of the Japanese Government were accompanied by large-scale economic assistance programmes. Immediately after the signing of the Israel-Palestine accord, Japan had made a commitment to the two-year economic assistance package of $200 million. It had been able to disburse about $150 million, representing the largest disbursement from a single donor. Roughly one third of that amount was allocated to meeting the running expenses of the Palestinian Authority. Within the framework of the peace process, Japan was also participating particularly in the areas of environment and tourism.

23. All these initiatives derived from the deep commitment of Japan to the peace and development of the region. Judging by the current situation in the West Bank and Gaza Strip, more efforts were needed to put the peace process firmly in place. The Japanese Government was ready to extend further cooperation in various forms to the Palestinian people in partnership within the international community.

24. The representative of Spain, speaking on behalf of the European Union, said that the UNCTAD secretariat's report provided a useful analysis of the situation of the Palestinian economy, notably in the fields of private investment and infrastructure. The report provided a realistic account of perspectives for Palestinian economic cooperation with neighbouring countries and of the

implementation of international development programmes. However, the presentation of UNCTAD's programme on this subject should be less general and more targeted to technical cooperation. He encouraged continuation of the dialogue between UNCTAD and UNSCO. He added that the ninth session of the United Nations Conference on Trade and Development would further reflect on the future task and role of UNCTAD in assisting the Palestinian people.

25. The European Union had always participated in the development dimension of the Middle East peace process, especially through the five multilateral working groups. It had also adopted its programme of joint action to support the Middle East peace process in April 1994 and was today the major donor in Gaza and the West Bank. He was pleased to acknowledge that, since the application of the tripartite action plan between Israel, the Palestinian Authority and donors, coordination on aid issues had improved. Assistance to the Palestinian people would continue with the active support of the European Union, with emphasis on technical cooperation and regular assessment through liaison between beneficiaries and donors. The Palestinian Authority should be encouraged to modernize its administration and make it more transparent. That included building a modern statistical system and a competent public administration able to control budgetary expenditures and reduce budget deficits. In conclusion, he affirmed that the European Union would continue to cooperate in favour of a successful conclusion to the Middle East peace process and of economic development in Gaza and the West Bank.

26. The representative of China said that during the period under review, the UNCTAD secretariat had made unremitting efforts to assist the Palestinian people to overcome their difficult economic situation. The secretariat had carried out a great deal of work on economic performance in the West Bank and Gaza Strip and in preparing the proposed programme of technical assistance for the benefit of the Palestinian economy. The secretariat had also established close consultations with the Palestinian Authority. Those developments were most welcome and worthy of support.

27. Great strides had been made in establishing the Palestinian Authority and in the gradual extension of its powers. That was the result of the long struggle of the Palestinian and Arab peoples and of the wise choice of leaders of Palestine, Israel and Arab States to solve their differences through peaceful methods. Those efforts had helped establish the basis for peace. China had always supported the struggle of the Palestinian and Arab peoples to attain their rights, including their national right to self-determination and to achieve peace through negotiations. He concluded by calling on all to support that approach, with the aim of hopefully achieving a full, comprehensive and just peace in the region as a whole.

28. The representative of Cyprus said that the Middle East had witnessed historic and encouraging developments towards the achievement of a comprehensive, just and lasting settlement based on the relevant Security Council resolutions. The States of the region were inspired by an ardent desire for lasting peace and the hope that existing problems could be resolved so that the process of economic development could start. He supported the peace process, which would lead to a new Middle East characterized by new challenges and opportunities, increased cooperation and prosperity for all the peoples of the area.

29. In support of efforts to rebuild the Palestinian autonomous areas, Cyprus had in July 1995 presented an aid package providing, among other things, for reconstruction of two medical centres in Gaza and an extensive scholarship

programme for the training of Palestinian personnel in a wide range of fields, as well as consultancy and technical assistance in all those fields. The package also included assistance from the Cyprus Development Bank towards the establishment of a Palestinian investment bank. That gesture had a double symbolism, as it expressed the traditional friendship between the Cyprus and Palestinian peoples and constituted a concrete manifestation of the progress in the peace process and of the need for substantial steps to improve the standard of living of the Palestinian people. In the same spirit, Cyprus had recently joined the multilateral working group on regional economic development, in which it hoped to play a positive role.

30. The representative of the Arab Labour Organization said that the secretariat's report exhibited sound analysis and a comprehensive approach with regard to immediate and future economic perspectives in the occupied Palestinian territory. He fully endorsed the observations made by the representative of Egypt and the points raised by the representative of Norway with regard to intensified coordination between international organizations.

31. UNCTAD had spared no effort in providing assistance to the Palestinian people, especially the advisory services recently extended to the Palestinian national authority. Those efforts, which involved a new approach focusing on operational aspects in addition to research, analysis and publication of sectoral studies, should be continued and encouraged by the Board, especially at this crucial stage in the struggle of the Palestinian people to establish their independent State in accordance with their legitimate rights.

32. The report examined the obstacles facing the task of building a Palestinian economy capable of sustained growth. However, it had not mentioned the major factor underlying the sufferings of the Palestinian people, namely, the problems of settlements, expropriation of land, and water resources. UNCTAD might consider examination of those issues to be within the purview of other agencies, or to be premature. However, without the resolution of those issues in a manner that guaranteed the rights of the Palestinian people, no economic or social development would be successful, much less sustainable. Settlement activities, which had recently been intensified, especially in and around Arab Jerusalem, and violent acts carried out by Israeli settlers served to cut the ties that bound the Palestinian people to their land and deprive them of the chance to survive and to exercise their sovereignty and authority. The Palestinian people must regain their basic rights, especially self-determination.

33. The secretariat's report had correctly highlighted the serious problem of unemployment, which had spread in the occupied Palestinian territory. It was ironic that the social, economic and labour situation of the Palestinian people had actually deteriorated in the past two years since the signing of the peace accords. The repeated closure of the occupied territory was not for security reasons in the strict sense, but rather constituted a rigorous application of the internationally prohibited measure of collective punishment. The repetition of this absurd measure had caused innumerable problems affecting all aspects of Palestinians' daily life, unemployment had risen to between 38 and 55 per cent and the Palestinian economy had lost some $600 million, a sum which was equivalent to the total international aid pledged for 1995. He hoped that Israel would not resort to this measure of collective punishment again. Meanwhile, the Arab Labour Organization was following closely the problem of unemployment and related developments affecting Palestinian workers with the International Labour Organization, the competent forum for treating those issues.

34. He concluded by calling for coordinated international action to support and complement the efforts of the nascent Palestinian national authority to revive the Palestinian economy which had been weakened by the legacy of problems caused by occupation. The Palestinian economy could regain its vitality through an end to Israeli occupation and settlement and through its integration within the Arab regional economy in line with its natural, human, economic, historic and cultural complementarities.

35. The representative of Israel said he regretted the tone of some references in the statement of the Arab Labour Organization which were anachronistic and reminiscent of times past. They were inappropriate at a time when peace negotiations were taking place. As regards the reference made to violence, since the Oslo agreement over 100 Israelis had been killed in terrorist actions carried out by Arab opponents of the peace process. Israel regretted the occasional measures, such as the closure of territories, as much as anyone, but if the representative of the Arab Labour Organization wished such measures to end, then he should address his remarks to organizations such as Hamas and Islamic Jihad so as to discourage them from the kind of activities that they were undertaking. If terrorism were to be brought to an end, the peace process could proceed faster and more effectively and reach the satisfactory conclusion that all would like to see.

36. In his concluding remarks, the Chief of the Special Economic Unit expressed his appreciation for the statements made on the item, taking note of the points that had implications for the ongoing and future work of the secretariat on the Palestinian economy. The delegation of Norway had referred to UNCTAD's programme of technical cooperation and the need for coordination with other agencies. In that connection, he reiterated that the programme of technical cooperation activities in support of Palestinian trade, finance and investment, shipping and multimodal transport was based on the outcome of the major intersectoral research and investigation project which the secretariat had initiated following its approval by the General Assembly. The project, which entailed the preparation of in-depth studies on almost 25 economic and social sectors, was being carried out in close consultation with the agencies of the United Nations system.

37. Although the World Bank and IMF had declined to be associated with the intersectoral project, the numerous sectoral studies issued under the project had also been made available to them as early as 1992. This included the quantitative framework prepared by the UNCTAD secretariat investigating development prospects for the Palestinian economy up to the year 2010, which had been supplied to the World Bank following its designation by the sponsors of the Peace Conference on the Middle East, at Madrid, to investigate prospects for regional economic cooperation. As for the programme of technical cooperation, there were certainly a number of activities which would be of interest to other agencies of the United Nations system. These would be closely coordinated with similar efforts of those agencies as and when the programme was unfolded for implementation. To this effect, the programme would be brought to the attention of all bilateral and multilateral sources upon its approval by the Palestinian Authority.

38. As regards coordination, the UNCTAD secretariat had striven from the outset of its work on the Palestinian economy towards the establishment of a central mechanism within the United Nations system to coordinate the efforts of all those concerned. It had welcomed the decision of the Secretary-General of the United Nations to designate a Special Coordinator in the Occupied Territories, and immediate measures had been taken to cooperate with the Special Coordinator

and extend assistance towards the establishment of a mechanism to ensure coordination of United Nations activities in the Palestinian territory; that cooperative arrangement would be further developed. The secretariat expected this to ensure coordination not only with the agencies of the United Nations system active in the Palestinian territory but also with the relevant institutions of the Palestinian Authority itself. In conclusion, he reaffirmed the secretariat's intention to further elaborate the issue of developing Palestinian foreign trade statistics in its proposed programme of technical assistance, in light of its importance to the Palestinian Authority and concerned parties and international organizations.

Action by the Sessional Committee

39. At its third meeting, on 14 September 1995, the Sessional Committee took note of the report by the secretariat (TD/B/42(1)/8), including the proposed programme of technical cooperation activities in part III of the report, and, in accordance with General Assembly decision 47/445 of 22 December 1992, decided to annex a summary of the discussions under the item to the report of the Board to the General Assembly.

ANNEX V

Membership and attendance*

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Afghanistan
Albania
Algeria
Argentina
Australia
Austria
Bahrain
Bangladesh
Belarus
Belgium
Bhutan
Bolivia
Brazil
Bulgaria
Burundi
Cameroon
Canada
Chile
China
Colombia
Costa Rica
Côte d'Ivoire
Cuba
Cyprus
Czech Republic
Democratic People's Republic of Korea
Denmark
Dominican Republic
Ecuador
Egypt
El Salvador
Ethiopia
Finland
France
Germany
Greece
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kenya
Lebanon
Liberia
Libyan Arab Jamahiriya
Luxembourg
Madagascar
Malaysia
Malta
Mauritius
Mexico
Mongolia
Morocco
Myanmar
Nepal
Netherlands
New Zealand
Nigeria
Norway
Oman
Pakistan
Panama
Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Romania
Russian Federation
Saudi Arabia
Senegal
Slovakia
South Africa
Spain
Sri Lanka
Sudan
Sweden
Switzerland
Syrian Arab Republic
Thailand
The Former Yugoslav Republic of Macedonia
Togo
Trinidad and Tobago
Tunisia

* For the list of participants, see TD/B/42(1)/INF.3.

Turkey
Uganda
Ukraine
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Uruguay
Venezuela
Viet Nam
Yemen
Zambia
Zimbabwe

2. The following members of UNCTAD, not members of the Board, were represented as observers at the session:

Holy See
Latvia
Lithuania

3. The Joint Inspection Unit was represented at the session.

The International Trade Centre UNCTAD/GATT was also represented at the session.

4. The following specialized and related agencies were represented at the session:

Food and Agriculture Organization of the United Nations
United Nations Educational, Scientific and Cultural Organization
International Monetary Fund
World Meteorological Organization
World Intellectual Property Organization
United Nations Industrial Development Organization
World Trade Organization

5. The following intergovernmental organizations were represented at the session:

Arab Labour Organization
Caribbean Community
European Community
International Textiles and Clothing Bureau
League of Arab States
Organization of African Unity

6. The following non-governmental organizations were represented at the session:

General Category

Friends World Committee for Consultation (Quakers)
International Chamber of Commerce
International Confederation of Free Trade Unions
Third World Network
World Federation of United Nations Associations

Special Category

Consumers International